

securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

## and Outstanding Issue

# **Livingston Industries Limited**

**\$1,500,000**

(30,000 shares)

## **6% Cumulative Redeemable First Preference Shares Series A**

(par value \$50 per share)

### **Carrying Common Share Purchase Warrants**

## **40,000 Common Shares**

(no par value)

**Offered in Units consisting of three Preference Shares Series A and four Common Shares.**

The Preference Shares Series A to be redeemable and to have a purchase fund as provided on page 8 hereof.

The Common Shares offered by this prospectus are being purchased from Livingston Holdings Limited which, prior to such purchase, held 348,248 Common Shares and after giving effect to such purchase will hold 308,248 Common Shares.

**The Preference Shares Series A, when originally issued in definitive form, to have attached bearer Common Share Purchase Warrants to purchase Common Shares on the basis of 2 Common Shares for each Preference Share Series A. The Warrants to be detachable, exercisable at \$12.50 per share on or before July 15, 1977 and to be as described on page 10 hereof.**

In the opinion of Counsel, the Preference Shares Series A and the Common Shares will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may, without availing itself of the provisions of subsection (4) of section 63 of the said Act, invest its funds.

	Price to Public	Underwriting Commission	Proceeds to Company (1)	Proceeds to Selling Shareholder
Per Share: Preference Shares Series A	\$ 50	\$2.00	\$ 48	\$ —
Common Shares	11	0.66	—	10.34
Per Unit	194	8.64	144	41.36
Total	\$1,940,000	\$86,400	\$1,440,000	\$413,600

(1) Before deducting expenses estimated at \$50,000.

An application has been made to list the Preference Shares Series A and the Common Shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution both within 90 days.

We, as principals, offer these Preference Shares Series A and Common Shares in units subject to prior sale and change in price (and if, as and when the Preference Shares Series A are issued) and subject to the approval of all legal matters on our behalf by Messrs. Campbell, Godfrey & Lewtas, Toronto and on behalf of the Company by Messrs. Mitchell, Hockin & Dawson, London. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that interim share certificates for the Preference Shares Series A and for the Common Shares, later exchangeable without charge for definitive share certificates will be available for delivery in Toronto, Montreal, Winnipeg and Vancouver on or about July 12, 1967.

# **DOMINION SECURITIES CORPORATION LIMITED**

*Established 1901*

TORONTO  
HALIFAX  
KITCHENER

MONTREAL  
SAINT JOHN  
HAMILTON

OTTAWA  
QUEBEC  
BRANTFORD

VANCOUVER  
WINNIPEG  
ST. CATHARINES

NEW YORK  
CALGARY  
EDMONTON  
FORT WILLIAM

LONDON  
PARIS  
VICTORIA  
PETERBOURGH

BOSTON  
LONDON

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## **The Company**

Livingston Industries Limited (hereinafter called the "Company") was incorporated under the laws of the province of Ontario by letters patent dated December 13, 1945 under the name Livingston Lumber & Mfg. Limited. Following a period in which no active business operations were carried on by the Company it obtained an order dated July 13, 1950 reviving its charter. By supplementary letters patent dated July 14, 1950, the name of the Company was changed to Livingston Wood Manufacturing Limited and by those supplementary letters patent and by others dated August 27, 1952, August 19, 1963, June 20, 1967 and June 21, 1967, various changes in the Company's capital structure were effected. By supplementary letters patent dated April 17, 1967, the name of the Company was changed to its present form. The Company's head office is located on Tillson Avenue, Tillsonburg, Ontario.

The Company is primarily engaged in the manufacture and sale of containers for the export of automotive products, appliances and agricultural equipment. Other activities include the manufacture and sale of urethane products, metal stampings and wooden parts largely for the same industries.

## **History**

Business operations were started in 1942 by Mr. Gerald V. Livingston to engage in the manufacture of containers for the export of automotive products and agricultural equipment. Two years later, the manufacture of wooden parts for these industries began and in 1950 the Company commenced production of cleated corrugated containers for the appliance industry.

As an adjunct to the manufacture of containers, it became apparent during the mid-1950's that the Company could effectively undertake some storage, packaging and export operations usually performed by its customers.

The Company's Persista Division, which processes elastomer and manufactures metal products, commenced operations in 1964 at Tillsonburg and shortly thereafter moved to its present facilities in Metropolitan Toronto.

## **Business**

The Company is organized into four divisions—

### *Export Packaging Division*

This division, operating at Tillsonburg and Hagersville, Ontario, accounts for over two-thirds of total sales and manufactures wooden containers for the export of components and assemblies for the automotive and agricultural equipment industries.

In its export function, the Company receives large inventories of its customers' products which it packages in its specifically designed and manufactured containers and ships as instructed. Automotive components are shipped by the Company in the form received. Agricultural equipment is received in finished form but is partially disassembled for shipment in order to minimize the size of the container.

The Company is the largest manufacturer of export packaging for these products in Canada. Its main competition has not been from similar firms but from the export departments of its own customers. The success of the export packaging function depends on developing the lowest cost and minimum size container for shipping purposes, maintaining optimum quality of the container for storage purposes, and organizing the actual packaging to achieve efficiency and to facilitate manufacturing in foreign plants. Over the past ten years the Company has acquired a reputation for dependable and efficient operation which has demonstrated to its customers

that overall economies can be achieved by having the Company perform the export function for the customer in conjunction with the manufacture and supply of containers.

Sales of the Export Packaging Division received an impetus from the United States-Canada Automotive Trade Agreement, signed in 1965. The Company is now responsible for all the overseas export requirements of one major North American automobile manufacturer and a substantial part of those requirements of another.

#### *Cleated Corrugated Containers Division*

Cleated corrugated containers for the heavy appliance industry are manufactured by the Company at its Hagersville plant. These containers are corrugated paper boxes which have been reinforced with wooden cleats for additional strength. The Company purchases the corrugated paper pre-cut and printed to customers' specifications, attaches the cleats and ships the containers to the customer for ready assembly.

This packaging concept was developed in the United States and patented. The Company acquired exclusive Canadian rights and found that the containers were readily accepted by the appliance manufacturers because their strength and durability made them superior for merchandise storing and damage free shipment.

At the present time, although the patent has expired, there are no other Canadian manufacturers of this type of container. To a certain extent, the Company competes with all manufacturers of standard corrugated containers and wire-bound boxes but, as in the Export Packaging Division, the main competitors are the customers' packaging departments. The Company has become a major supplier of containers to a number of leading Canadian appliance manufacturers.

#### *Wood Mill Division*

This division, located at Tillsonburg, manufactures wooden parts for the automotive and agricultural equipment industries and the wooden components required by the Export Packaging and Cleated Corrugated Containers Divisions. Products include reel arms and wooden bearings for agricultural equipment and wooden floors for trucks. The Company is the largest Canadian supplier of these products.

#### *Persista Division*

At a plant in Metropolitan Toronto, this division processes elastomer in various forms and manufactures a variety of metal stampings and steel welded cabs for agricultural, construction and logging equipment. It also distributes "Hercu-lam".

The Company purchases elastomer in liquid form, then adds various hardening agents. The compound produced, commonly known as urethane, is a flexible, strong and durable solid which is sometimes used as a replacement for steel in tool and die making, as a covering for wheels and elevator pulleys and for other purposes such as artificial limbs, train bumper guards and automotive parts. Patents relating to the use of urethane in metal stamping dies have been obtained by the Company. The steel cabs are fully equipped and completely finished by the Company and are designed for easy installation on the customers' equipment. The metal stampings include parts for automobiles, trucks, baseboard heaters and outboard motors.

"Hercu-lam" is a highly compressed and extremely dense plywood made in Belgium. It is very strong and is often used as a male die to bend certain metals. The Company has the exclusive Canadian rights to this product.

Sales of the Persista Division are still relatively small, accounting for less than 8% of the Company's total sales. Competition in the sale of this division's products varies with the product. However, the Company believes the growth potential of the Persista Division is high.



### *Subsidiary Companies*

The Company has two wholly-owned subsidiaries which contributed \$71,274 to consolidated net profit in the most recent fiscal year. One, Lakeshore Transport Limited, uses leased tractors and trailers to provide certain transportation facilities to the Company and others. The other, Livingston Motors Limited, derives rentals from equipment and a service station property formerly operated by it.

### *Customers*

The Company's sales are made to customers in the automotive, agricultural equipment and heavy appliance industries in both Canada and the United States. Two automobile manufacturers account for approximately 65% of total sales. Relations with all customers are excellent.

### *Employee Relations*

Employees in each of the Company's three plants are represented by the International Woodworkers of America. The Company has always had favourable relationships with its employees without work stoppages or other serious labour difficulties.

### *Properties*

<u>Plants</u>	<u>Owned or Leased</u>	<u>Floor Area in Square Feet</u>	<u>Acres of Property</u>	<u>Number of Employees</u>
Tillsonburg	Owned & leased	550,000	35	850
Hagersville	Leased	303,500	75	200
Toronto	Leased	70,000	3 $\frac{1}{4}$	100

Operations are carried out in three plants having an aggregate floor area of 923,500 square feet. The Tillsonburg plant extends over thirty-five acres of which twenty-five are owned by the Company and ten are leased from Canadian Pacific Railway Company. This plant is fourteen miles south of Highway No. 401, is on the main line of the New York Central Railway Company, and is also served by Canadian Pacific Railway Company, Canadian National Railways and the Wabash Railway Company. The Hagersville plant occupies six airplane hangars of an unused airfield under a lease extending up to 1986. It is on the New York Central Railway Company main line and is also served by Canadian National Railways. The plant in Metropolitan Toronto, leased until 1987, is conveniently situated near major highways.

### **Use of Proceeds**

The proceeds to be received by the Company from the sale of the 30,000 6% Cumulative Redeemable First Preference Shares Series A (hereinafter sometimes called the "Preference Shares Series A") amounting to \$1,500,000, less commission and other expenses incidental to such sale estimated not to aggregate more than \$110,000, will be used (i) as to \$386,400 to redeem all the outstanding first preference shares of \$10 par value and second preference shares of \$0.20 par value of the Company, (ii) as to \$275,000 to repay indebtedness in that amount owed by the Company to Livingston Holdings Limited, which amount when borrowed was applied to the reduction of bank indebtedness, and (iii) as to the balance to reduce bank indebtedness which at April 30, 1967 was \$1,305,451 and which was incurred in the ordinary course of operations including to finance inventories and accounts receivable.

The 40,000 common shares offered by this prospectus are being purchased from a shareholder, as referred to under the heading "Plan of Distribution" on page 7, and as a result the proceeds from the sale of such shares will not be received by the Company.

It is anticipated that, concurrently with the receipt of the proceeds of sale of the Preference Shares Series A, the Company will receive repayment of loans made by it to Livingston Holdings Limited and Mrs. G. V. Livingston in the aggregate amount of \$409,027, which amount will be applied on receipt to the further reduction of bank indebtedness.

### Capitalization

Security	Authorized	Outstanding April 30, 1967	Outstanding May 31, 1967	To be Outstanding on Completion of this Financing
The Company:				
Secured Bank Loan.....	\$1,300,000	\$1,305,451	\$ 778 296	—
Long Term Debt:				
8% First Mortgage Loan.....	2,100,000	1,800,000	1,775,000	\$1,775,000
7% Note.....	144,759	131,061	128,357	128,357
6% Unsecured Loan.....		275,000	275,000	—
Capital Stock:				
First preference shares \$10 par value	38,340 shs.	29,640 shs. (1)	29,640 shs. (1)	—
Second preference shares \$0.20 par value.....	358,000 shs.	358,000 shs. (1)	358,000 shs. (1)	—
Preference Shares \$50 par value.....	200,000 shs.			
Preference Shares Series A.....	—	—	—	30,000 shs.
Common shares without par value(2)	1,000,000 shs.	444,400 shs.	444,400 shs.	444,400 shs.
Livingston Motors Limited:				
6½% First Mortgage Loan.....	\$ 75,000	\$ 50,431	\$ 50,125	\$ 50,125

Notes: (1) To be redeemed at the par value thereof plus a premium of 5% on August 31, 1967 out of the proceeds of sale of the Preference Shares Series A.

(2) Adjusted to reflect subdivision of common shares on a four-for-one basis and increase in authorized number of common shares to 1,000,000 shares effective June 20, 1967.

(3) The Secured Bank Loan, the 8% First Mortgage Loan and the 7% Note are secured on specific separate assets of the Company and rank in priority to all unsecured indebtedness and shares of the Company. The 6% Unsecured Loan is unsecured but ranks in priority to all shares of the Company. The Preference Shares Series A rank in priority to the common shares of the Company. Reference is made to pages 22 and following for the provisions attaching to the Preference Shares Series A.

(4) Reference is made to Note 9 to the Notes to Consolidated Financial Statements on page 20 for information concerning the extent of obligations arising by virtue of leases of real property.

(5) No additional substantial indebtedness is now proposed to be created or assumed by the Company or its subsidiaries.

### Details of the Offering

The 30,000 Preference Shares Series A and the 40,000 common shares of the Company offered by this prospectus are being offered in units consisting of three Preference Shares Series A and four common shares at the price and on the basis set forth on the cover page of this prospectus. The Preference Shares Series A will, when issued be, and the common shares offered by this prospectus are, fully paid and non-assessable.

The Preference Shares Series A, when originally issued in definitive form, will have attached thereto detachable bearer Common Share Purchase Warrants to purchase common shares of the Company on the basis of two common shares for each Preference Share Series A.



## ***Plan of Distribution***

The shares offered by this prospectus are being purchased by Dominion Securities Corporation Limited (hereinafter called "Dominion Securities"), as underwriter:

- (a) as to 30,000 Preference Shares Series A, from the Company at the price of \$50 per share pursuant to an agreement dated June 28, 1967 between Dominion Securities and the Company, which agreement also provides for the payment of a commission to Dominion Securities of \$60,000, and
- (b) as to 40,000 common shares from Livingston Holdings Limited at the price of \$10.34 per share pursuant to an agreement dated June 28, 1967 between Dominion Securities and Livingston Holdings Limited,

in each case payable in cash against delivery and upon and subject to the terms and conditions set out in the agreement.

## ***Preference Shares as a Class***

The 200,000 First Preference Shares with a par value of \$50 each (which, as a class, are herein called the "Preference Shares") may be issued in one or more series by the directors of the Company with such preferences, rights, conditions, restrictions, limitations and prohibitions as the directors of the Company determine. The provisions relating to the Preference Shares as a class are summarized below. The complete provisions are substantially as set out on pages 22 to 24 in the Schedule to this prospectus.

### ***Voting Rights***

The holders of the Preference Shares are not entitled to notice of or to attend or vote at any meeting of the shareholders of the Company until the Company has failed to pay a total of four quarterly dividends on any one series of the Preference Shares. Thereafter, so long as there are any arrears of dividends on any of the Preference Shares, the holders of the Preference Shares are entitled (i) to attend all meetings of shareholders of the Company; (ii) to one vote thereat in respect of each Preference Share held; and (iii) voting separately and exclusively as a class, to elect two directors of the Company.

### ***Parity and Preference as to Dividends and on Distributions***

The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to, and shall have, priority over the common shares and any other shares of the Company ranking junior to the Preference Shares in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

### ***Approval of Amendments***

The provisions attaching to the Preference Shares may not be deleted or varied without, but may be deleted or varied with, the consent or approval of the holders of the Preference Shares given by a resolution carried by the affirmative vote of the holders of not less than  $66\frac{2}{3}\%$  of the Preference Shares represented and voted at a meeting called for the purpose at which the holders of at least a majority of the outstanding Preference Shares are present or represented by proxy or at an adjourned meeting where the adjournment was made by reason of such majority not being present or represented.

## ***Preference Shares Series A***

The first series of the Preference Shares are the Preference Shares Series A and the provisions relating thereto are summarized below. The complete provisions, including definitions of "Designated Subsidiary", "Funded Obligations", "Purchase Money Obligations", "Consolidated Net Earnings" and "Consolidated Equity" are substantially as set out on pages 24 to 32 in the Schedule to this prospectus. Lakeshore Transport Limited and Livingston Motors Limited have been designated as and are Designated Subsidiaries.

### *Dividends*

The holders of the Preference Shares Series A are entitled only to fixed, cumulative cash dividends at the rate of 6% of the par value thereof per year, payable quarterly on the 15th days of January, April, July and October in each year.

### *Redemption*

The Company has the right, upon giving at least 30 days prior notice, to redeem at any time all the outstanding Preference Shares Series A or from time to time any part thereof at \$53.00 per share if redeemed on or before July 15, 1970; \$52.50 per share if redeemed thereafter and on or before July 15, 1973; \$52.00 per share if redeemed thereafter and on or before July 15, 1976; \$51.50 per share if redeemed thereafter and on or before July 15, 1979; \$51.00 per share if redeemed thereafter and on or before July 15, 1982; and \$50.50 per share if redeemed thereafter; in each case together with accrued and unpaid dividends to the date fixed for redemption.

### *Liquidation*

In the event of a liquidation, dissolution or winding up of the Company that is involuntary, the holders of the Preference Shares Series A are entitled to the amount paid up thereon together with an amount equal to all accrued and unpaid dividends thereon. In the event of a liquidation, dissolution or winding up that is voluntary, the holders of the Preference Shares Series A are entitled to receive an amount equal to the price at which the Company is then entitled to redeem such shares.

### *Purchase for Cancellation*

The Company is entitled to purchase for cancellation Preference Shares Series A in the open market or by invitation for tenders at a price not in excess of the price at which the Company is then entitled to redeem such shares plus costs of purchase.

### *Purchase Fund*

For the benefit of the holders of the Preference Shares Series A, the Company is required, on January 2 in each year commencing in 1969, to set aside in a special account on its books as a Purchase Fund 3% of the aggregate par value of all Preference Shares Series A theretofore issued up to 6% of such par value. Unless prohibited by the terms of Funded Obligations or law, the Purchase Fund must be applied with reasonable despatch to purchase Preference Shares Series A if available in the open market at a price (exclusive of costs of purchase) below par value. The par value of all Preference Shares Series A otherwise redeemed or purchased may be applied by the Company in satisfaction of the Company's Purchase Fund obligations.

### *No Pre-Emptive Rights*

The holders of Preference Shares Series A have no rights, as such, to subscribe for or purchase any shares, bonds, debentures or other securities of the Company now or hereafter authorized.

### *Restrictions*

So long as any of the Preference Shares Series A are outstanding:

- (a) the Company shall not permit any Designated Subsidiary to issue any shares or issue, incur, assume or guarantee any Funded Obligations except to or of the Company or to or of another Designated Subsidiary or to a trustee in support of a guarantee of indebtedness of the Company or of another Designated Subsidiary;
- (b) the Company shall not dispose of, except to a Designated Subsidiary, or permit any Designated Subsidiary to dispose of, except to the Company or another Designated Subsidiary, any Funded Obliga-



tions or shares of a Designated Subsidiary, unless all of such Funded Obligations and shares held by the Company and/or any Designated Subsidiary are concurrently disposed of;

- (c) except for disposals by the Company to a Designated Subsidiary or by a Designated Subsidiary to the Company or to another Designated Subsidiary, if in any fiscal period of the Company (i) all the Funded Obligations and shares of a Designated Subsidiary are disposed of pursuant to paragraph (b), or (ii) a Designated Subsidiary disposes of fixed assets for an aggregate net disposal price which, when added to the aggregate net disposal price of all previous disposals in such fiscal period would be more than \$100,000, the Company will so advise its auditors and if, in the opinion of such auditors, such disposals would otherwise be prejudicial to the holders of Preference Shares Series A, the Company will apply an amount equal to the aggregate net disposal price of such Funded Obligations and shares or, the excess of the aggregate net disposal price of such fixed assets disposed of in such period over \$100,000, as the case may be, to the retirement of Funded Obligations, Purchase Money Obligations or Preference Shares not held by or for the Company or any Designated Subsidiary;
- (d) the Company shall not in any way voluntarily wind up its affairs or dispose of its assets and undertaking as an entirety or substantially as an entirety unless concurrently adequate provision is made for the immediate retirement of all the outstanding Preference Shares Series A;
- (e) the Company shall not make any payment or distribution to its shareholders by way of dividend or otherwise when any dividends on the Preference Shares Series A are in arrears and unless after giving effect to such payment or distribution, Consolidated Equity will be an amount in excess of \$2,000,000; provided that this prohibition shall not apply to cumulative dividends on the Preference Shares, stock dividends or to a purchase, redemption or reduction of capital if made out of the proceeds of an issue of shares by the Company ranking junior to the Preference Shares Series A and made concurrently with or prior to such purchase, redemption or reduction;
- (f) the Company shall not create or issue any shares ranking in priority to the Preference Shares Series A; and
- (g) the Company shall not issue any shares ranking on a parity with the Preference Shares Series A unless Consolidated Net Earnings for any 12 consecutive calendar months of the 23 calendar months next preceding the date of issue of such additional shares shall have been three times maximum annual dividend requirements of all Preference Shares Series A and other prior or equal shares to be outstanding excluding any of such shares which will be redeemed within 45 days after the proposed issue of shares;

provided that such restrictions shall not apply to any of the actions referred to if authorized by the holders of the Preference Shares Series A or if adequate provision has been made assuring that all the Preference Shares Series A will be redeemed.

#### *Voting Rights*

The voting rights of the Preference Shares Series A are as conferred upon the Preference Shares as a class.

#### *Approval of Amendments*

The provisions attaching to the Preference Shares Series A may not be deleted or varied without, but may be deleted or varied with, the consent or approval of the holders of the Preference Shares Series A.

#### *Authorization of Holders of Preference Shares Series A*

Any authorization, consent or approval of the holders of the Preference Shares Series A may be given by a resolution carried by the affirmative vote of the holders of not less than 66⅔% of the Preference Shares Series



A represented and voted at a meeting called for the purpose at which the holders of at least a majority of the outstanding Preference Shares Series A are present or represented by proxy or at an adjourned meeting where the adjournment was made by reason of such majority not being present or represented.

### ***Common Shares***

The common shares carry the right to one vote per share at all general meetings of shareholders of the Company.

### ***Common Share Purchase Warrants***

The Common Share Purchase Warrants will entitle the holders thereof at any time on or before July 15, 1977, upon surrender of appropriate Common Share Purchase Warrants, to purchase common shares of the Company at the price payable in cash of \$12.50 per share.

The Common Share Purchase Warrants will be issued pursuant to an indenture (hereinafter called the "Warrant Indenture") to be entered into between the Company and Guaranty Trust Company of Canada, as Trustee, and will expire at 4.00 p.m., Toronto time, on July 15, 1977.

The Warrant Indenture will contain provisions to the effect that, while any of the Common Share Purchase Warrants are outstanding, in the event of (i) any reduction in the number of common shares from time to time outstanding due to consolidation thereof, (ii) any increase in the number of common shares due to subdivision thereof or to any stock dividend paid in common shares, (iii) any other change in such common shares effected by supplementary letters patent, (iv) any issue by the Company of common shares for a consideration less than the price at which common shares may be purchased pursuant to Common Share Purchase Warrants (other than any issued upon the exercise of options granted before July 12, 1967 to officers or directors of the Company and an aggregate maximum of 25,000 common shares issued to employees, officers or directors of the Company upon the exercise of options granted on or after July 12, 1967), or (v) any issue of subscription warrants or other rights containing a right to purchase common shares of the Company, or the issue of securities of the Company convertible into common shares of the Company, for a consideration in such case less than the price at which common shares may be purchased pursuant to Common Share Purchase Warrants (other than the granting on or after July 12, 1967 to employees, officers and directors of the Company of options to purchase an aggregate maximum of 25,000 common shares), then in each such event the rights of the holders of Common Share Purchase Warrants shall, as a result thereof, be adjusted in accordance with the provisions of the Warrant Indenture.

The Company will covenant in the Warrant Indenture that it will give at least 10 days notice to all stock exchanges on which shares of the Company are listed of the record date for (i) any dividend payments on its common shares, (ii) the issuance to holders of common shares of any pro rata rights to subscribe for additional shares, or (iii) any repayment of capital on its common shares, and at least 10 days notice to all such stock exchanges of the effective date of (a) any consolidation or merger with any other company (other than a Designated Subsidiary) or (b) any sale, lease or other disposal of a substantial part of its undertaking.

The Company will covenant in the Warrant Indenture that it will at all times reserve sufficient common shares to satisfy the rights of holders of Common Share Purchase Warrants.

### ***Redemption of First and Second Preference Shares***

The 29,640 first preference shares of \$10 par value and the 358,000 second preference shares of \$0.20 par value of the Company shown on the Consolidated Balance Sheet on pages 16 and 17 as outstanding are to be redeemed on August 31, 1967. For that purpose the Company will, out of its general funds and prior to delivery of the Preference Shares Series A, deposit with Guaranty Trust Company of Canada an amount equal to the



dividends to be accrued and unpaid on such shares as at August 31, 1967 and, out of the proceeds of sale of the Preference Shares Series A, will deposit the balance of the redemption price for all such shares, whereupon under the provisions attaching to such shares they will be redeemed and cancelled on the date fixed for redemption.

### Dividend Record

The following dividends per share have been paid by the Company during the last five completed financial years preceding the date of this prospectus:

	Years Ended April 30				
	1963	1964	1965	1966	1967
First preference shares \$10 par value (1)	\$ .60	\$ .60	\$ .60	\$ .60	\$ .60
Second preference shares \$0.20 par value (1).....	.012	.012	.012	.012	.012
Common shares .....	—	—	—	—	—

Note (1) To be redeemed August 31, 1967 out of the proceeds of sale of the Preference Shares Series A.

### Preference Share Dividend Requirements and Earnings Coverage

Maximum annual dividend requirements on the Preference Shares Series A will amount to \$90,000. The accompanying Statement of Consolidated Earnings on page 18 shows consolidated net earnings for the year ended April 30, 1967 amounted to \$619,165, or approximately 6.9 times such maximum annual dividend requirements.

### Preference Share Asset Coverage

Based on the Pro Forma Consolidated Balance Sheet as at April 30, 1967 on pages 16 and 17, consolidated net tangible assets are as follows:

Current assets.....	\$2,480,437
Deduct current liabilities.....	<u>1,661,001</u>
Net current assets.....	819,436
Net fixed assets.....	<u>4,775,874</u>
	5,595,310
Deduct long term debt.....	<u>1,646,192</u>
Consolidated net tangible assets.....	<u>\$3,949,118</u>

Such consolidated net tangible assets are equivalent to approximately \$132 for each \$50 par value Preference Share Series A to be outstanding.

### Common Share Dividends

The board of directors of the Company has declared a cash dividend of 30 cents per share on its common shares, payable January 25, 1968 to the holders of record of January 10, 1968.

The board of directors has expressed its intention to declare and pay quarterly dividends at the annual rate of 60 cents per share on the common shares of the Company, after payment of the above-mentioned initial dividend, subject from time to time to the factors usually considered at the time of declaration of dividends.

<b>Management</b>		
<b><i>Directors and Senior Officers</i></b>		
<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Gerald Vincent Livingston. 183 Rolph Street, Tillsonburg, Ontario	Chairman of the Board, President, General Manager and Director	Chief executive officer, Livingston Industries Limited
William Thomas Barrett. 21 Victoria Street, Tillsonburg, Ontario	Vice-President—Finance and Director	Vice-President—Finance, Livingston Industries Limited
Arthur Harry Wade. 6 Hawthorne Crescent, Tillsonburg, Ontario	Vice-President—Manufacturing and Director	Vice-President—Manufacturing, Livingston Industries Limited
William Sanderson Coulthard. 6 Parkside Drive, Tillsonburg, Ontario	Secretary	Secretary, Livingston Industries Limited
George Leslie Mitchell, Q.C. 1 Grosvenor Street, London, Ontario	Director	Partner, Mitchell, Hockin & Dawson, Solicitors
William Anderson. 2 Fourth Street, Tillsonburg, Ontario	Director	Sales Manager, Livingston Industries Limited
John Francis Eacott. 43 Denton Avenue, Tillsonburg, Ontario	Director	Purchasing Agent, Livingston Industries Limited
James Vincent Plant. 351 Broadway, Tillsonburg, Ontario	Director	Department Manager, Livingston Industries Limited
Harris Elliott Bulmer. 1264 Royal York Road N., Toronto 18, Ontario	Director	Manager, Persista Division, Livingston Industries Limited
Colin Arthur Charles Dobell. 19 St. Leonards Avenue, Toronto 12, Ontario	Director	Investment Dealer, Dominion Securities Corporation Limited

Harris Elliott Bulmer was independently engaged in developing a business in the processing of elastomer from 1962 until he became Manager, Persista Division of the Company in 1964, which position he has held since that date. All the other directors and senior officers of the Company have held their present business affiliations for more than five years preceding the date of this prospectus.

### ***Remuneration***

The aggregate remuneration paid by the Company to its directors and senior officers as such was \$155,662 for its financial year ended April 30, 1967 of which \$4,350 was paid to its directors as such and \$86,012 was paid to officers of the Company who individually received remuneration in excess of \$10,000 per annum. The aggregate remuneration estimated to be paid or payable during the current financial year of the Company to its directors as such is \$4,850 and to its officers who may be individually entitled to receive remuneration in excess of \$10,000 per annum is \$92,000. The aggregate remuneration paid by the Company to its directors and senior officers for the period May 1 to May 31, 1967 was \$10,552. The Company has established a registered



pension plan for the benefit of eligible employees pursuant to which the Company contributes an amount equal to  $5\frac{1}{4}\%$  of the salaries of participating employees. The Company's total contribution to the plan for its financial year ended April 30, 1967 in respect of the directors and senior officers of the Company was \$7,936.

### ***Options to Purchase Securities***

The Company has followed the practice for the past few years of granting annually to certain of its directors and officers options to purchase common shares of the Company at prices established by relation to the book value of such shares as determined by the Company's auditors, there being no established market value for such shares. In the 12 months preceding the date of this prospectus such options have been exercised in respect of 8,800 common shares, of which 3,360 were issued at \$1.50 per share, and 5,440 at \$2.25 per share. The only options outstanding as at May 31, 1967 were options granted January 27, 1967 to certain directors and officers of the Company to purchase an aggregate of 6,400 common shares of the Company at a price of \$4.375 per share (which was established as being approximately 95% of the book value of such shares on December 31, 1966 of \$4.60) until expiry of such options on December 31, 1971. All numbers of common shares and prices in this paragraph have been adjusted to reflect the four-for-one stock split on June 20, 1967.

### ***Interests in Transactions***

The following transactions taking place during the three years next preceding June 1, 1967 were entered into by the Company in which a director or senior officer, any holder of more than 10% of the equity shares of the Company, or any associate of any thereof, has a material interest, direct or indirect:

- (a) by lease dated as of June 1, 1966 the Company leased its Hagersville plants and property from Wyndemere Farms Limited for a term of 5 years from June 1, 1966, renewable at the option of the Company for three further terms of 5 years each, at a rental during the initial period established by the actual plant area used at the rate of 48 cents per square foot with an annual maximum of \$145,707 and for each renewal period at a rental to be established by reference to current conditions at the time of renewal but any increase shall not exceed the increase in the Consumer Price Index; Wyndemere Farms Limited, 183 Rolph Street, Tillsonburg, is a wholly-owned subsidiary of Livingston Holdings Limited, all the outstanding shares of which are beneficially owned by G. V. Livingston and members of his family;
- (b) on March 31, 1966 the Company purchased certain property and plants in Tillsonburg for an aggregate purchase price of \$100,556 from R.H.C. Investments Limited, 264 Tillson Avenue, Tillsonburg, a company one-sixth of the outstanding shares of which are owned by each of W. T. Barrett, W. S. Coulthard and W. Anderson;
- (c) on September 27, 1965, the Company borrowed \$275,000, repayable on demand with interest at 6% per annum, from Livingston Holdings Limited;
- (d) in the period December 28, 1965 up to the present, the Company loaned \$225,098, repayable on demand with interest at 6% per annum, to Livingston Holdings Limited; and
- (e) in the period July, 1965 to July, 1966, the Company loaned \$183,929, repayable \$50,000 on account of principal annually on or before June 30 in each year commencing in 1967 with interest at the rate of 5% per annum, to Mrs. G. V. Livingston, wife of G. V. Livingston.

### ***Material Contracts***

In addition to contracts in the ordinary course of business, the underwriting agreement with Dominion Securities referred to under the heading "Plan of Distribution" on page 6 and the contracts relating to the transactions referred to under the heading "Interest in Transactions" above, the Company has entered into the following material contracts within the two years next preceding June 1, 1967:

- (a) contracts relating to a loan by a government agency to the Company of \$2,100,000 including a realty mortgage on the Company's Tillsonburg property dated December 21, 1965, a supplementary realty mortgage on additional Tillsonburg property dated May 3, 1966, a mortgage on chattels at the Tillsonburg plant dated December 21, 1965, a mortgage on chattels at the Hagersville plant dated March 22, 1967, a mortgage dated December 21, 1965 on the Company's interest in a lease dated June 26, 1964 from Canadian Pacific Railway Company, an agreement dated March 17, 1966 containing certain covenants by the Company, Lakeshore Transport Limited, Livingston Motors Limited and Livingston Holdings Limited, a chattel mortgage dated December 21, 1965 by Livingston Motors Limited, guarantees dated March 17, 1966 by G. V. Livingston, Livingston Motors Limited and Lakeshore Transport Limited and an assignment dated March 17, 1966 by Livingston Holdings Limited of a debt of the Company to it of \$275,000; and
- (b) contracts dated March 26, 1966 and April 13, 1967 between the Company and A. Mantella & Sons Limited providing for the construction of additions to, and revisions to the terms of lease of, the Metropolitan Toronto plant of the Company's Persista Division.

Copies of such contracts and of the Warrant Indenture when executed may be inspected at the head office of the Company during ordinary business hours during the period of primary distribution of the Preference Shares Series A and the common shares offered by this prospectus and for a period of 30 days thereafter.

### Principal Holders of Securities

The following are the names of every holder of equity shares owning of record or known by the Company to own beneficially, either directly or indirectly, more than 10% of any class of the Company's shares as at May 31, 1967:

<u>Name and Address</u>	<u>Class of Shares</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
G. V. Livingston..... 183 Rolph Street, Tillsonburg, Ontario	Second preference (1) Common	Record and beneficial Indirect (4)	290,800 348,248 (2)(3)	81.23 78.36
Livingston Holdings Limited.... c/o The Canada Trust Co., P.O. Box 2545, Terminal 'A', Main Branch, London, Ontario	Common	Record and beneficial	348,248 (2)(3)	78.36

The number of shares of each class of equity shares of the Company beneficially owned, directly or indirectly, by all directors and senior officers of the Company as a group as at May 31, 1967 was as follows:

<u>Class of Shares</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
Second preference shares(1).....	310,950	86.86
Common shares.....	378,652 (2)(3)	85.21

Notes: (1) To be redeemed August 31, 1967.

(2) Adjusted to reflect subdivision of common shares on a four-for-one basis on June 20, 1967.

(3) After giving effect to the sale of 40,000 common shares as described on page 7: (a) Livingston Holdings Limited will own 308,248 common shares or 69.36% of such class, and (b) directors and senior officers of the Company will own, directly or indirectly, 338,652 common shares or 76.20% of such class.

(4) Livingston Holdings Limited is controlled by G. V. Livingston.



### **Other Material Facts**

In the agreements dated June 28, 1967 with Dominion Securities referred to under the heading "Plan of Distribution" on page 7:

- (a) each of the Company and Livingston Holdings Limited has agreed that it will not, without the consent of Dominion Securities, sell or offer for sale any of the securities of the Company before October 12, 1967;
- (b) Livingston Holdings Limited has agreed that for a period of 10 years from June 28, 1967, otherwise than by sale to the public, it will not sell all or any substantial part of its common shares of the Company or at any time any number of such common shares which would result in a loss of effective control of the Company unless it causes an offer to be made concurrently on a pro rata basis to all of the other holders of common shares of the Company to purchase their shares at the same price and on the same terms and conditions; and
- (c) Livingston Holdings Limited has agreed that so long as it is in effective control of the Company but only for a maximum period of 15 years from June 28, 1967, it will cause at least one representative of Dominion Securities to be elected as a director of the Company.

### **Transfer Agent and Registrar**

Guaranty Trust Company of Canada at its principal offices in Toronto, Montreal, Winnipeg and Vancouver is the Transfer Agent and Registrar for the Preference Shares Series A and the common shares of the Company. The Common Share Purchase Warrants may be exercised, subdivided or combined at the principal offices of Guaranty Trust Company of Canada in Toronto, Montreal, Winnipeg and Vancouver.

### **Auditors**

The Company's auditors are Clarkson, Gordon & Co., 291 Dundas Street, London, Ontario.

### **Rescission Rights**

Where The Securities Act, 1966 (Ontario) applies, sections 63 and 64 of that Act provide substantially to the effect that a person or company (not being a registrant under that Act) who has purchased or agreed to purchase from Dominion Securities any of the securities offered by this prospectus has the right, while still the beneficial owner of such securities, to rescind such purchase or agreement to purchase:

- (a) if Dominion Securities receives written or telegraphic notice evidencing the intention of such purchaser not to be bound by such agreement of purchase and sale not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after receipt of this prospectus by such purchaser or his agent for such purchase (unless such agent is Dominion Securities), and
- (b) if this prospectus and any amended prospectus filed with the Ontario Securities Commission in compliance with Section 55 of that Act received by the purchaser or his agent (unless such agent is Dominion Securities) at the date of receipt, contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (unless (i) the untruth of such statement or the fact of such omission was unknown and, in the exercise of reasonable diligence, could not have been known, both to the Company and Dominion Securities, (ii) such statement or omission is disclosed in an amended prospectus duly filed with the Ontario Securities Commission and received by such purchaser, or (iii) such purchaser knew the untruth of the statement or of the omission at the time of such purchase); provided that no action to enforce such right may be commenced after the expiration of 90 days after such receipt or such agreement to purchase, whichever is the later.

# Livingston Industries Limited

and its Subsidiaries

## Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at April 30, 1967

The pro forma consolidated balance sheet gives effect to the following:

- (a) The issuance of supplementary letters patent (i) changing the name of the Company from Livingston Wood Manufacturing Limited to Livingston Industries Limited, (ii) decreasing the authorized capital by cancelling 8,700 authorized but unissued 6% cumulative, non-voting, first preference shares of the par value of \$10 each, (iii) increasing the authorized capital by creating 200,000 first preference shares of \$50 par value each and designating 30,000 thereof as 6% cumulative redeemable first preference shares Series A, (iv) subdividing the issued and unissued common shares on a four-for-one basis, and (v) increasing authorized common shares to 1,000,000 shares.
- (b) The issue and sale of 30,000 6% cumulative redeemable first preference shares Series A, accompanied by common share purchase warrants entitling the holders thereof to purchase an aggregate of 60,000 common shares, for \$1,500,000.
- (c) The payment of a commission of \$60,000 and expenses in connection with the issue estimated at \$50,000 (and the charging to retained earnings of such amounts together with \$18,400 premium on redemption of first and second preference shares).
- (d) The application of the net proceeds to (i) the redemption of the outstanding 29,640 6% cumulative, non-voting, first preference shares of \$10 par value each for \$311,220 and 358,000 6% cumulative, voting, second preference shares of \$0.20 par value each for \$75,180, (ii) the repayment of a note payable of \$275,000, and (iii) the reduction of bank indebtedness by an amount equal to the balance.
- (e) Receipt of \$225,098 owing to the Company by Livingston Holdings Limited and \$183,929 by Mrs. G. V. Livingston and the application thereof to the further reduction of bank indebtedness.

### ASSETS

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Current:		
Cash.....	\$ 3,225	\$ 3,225
Accounts receivable less allowance for doubtful accounts of \$20,900 .....	1,292,104	1,292,104
Inventories (Note 2).....	1,044,084	1,044,084
Due from Livingston Holdings Limited and Mrs. G. V. Livingston.....	409,027	—
Prepaid expenses and sundry assets.....	141,024	141,024
	<u>2,889,464</u>	<u>2,480,437</u>
Fixed assets (Note 3).....	4,775,874	4,775,874
Approved on behalf of the Board:		
(signed) G. V. Livingston, Director		
(signed) W. T. Barrett, Director		
	<u>\$7,665,338</u>	<u>\$ 7,256,311</u>

*The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.*



# Livingston Industries Limited

and its Subsidiaries

## Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at April 30, 1967

### LIABILITIES

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Current:		
Due to bankers on demand (against which book debts and inventories have been pledged as security).....	\$ 1,305,451	\$ 167,824
Accounts payable and accrued charges.....	761,267	761,267
Income and other taxes payable.....	396,610	396,610
Long term debt instalments due within one year.....	335,300	335,300
	<u>2,798,628</u>	<u>1,661,001</u>
Accumulated tax reductions applicable to future years (Note 4).....	314,000	314,000
Long term debt (Note 5).....	1,921,192	1,646,192
Shareholders' equity:		
Capital (Note 6)		
Authorized—		
38,340 6% cumulative, non-voting, first preference shares of \$10 par value each redeemable at \$10.50		
358,000 6% cumulative, voting, second preference shares of \$0.20 par value each redeemable at \$0.21		
150,000 common shares of no par value each		
Issued and fully paid—		
29,640 first preference shares.....	296,400	—
358,000 second preference shares.....	71,600	—
111,100 common shares.....	157,150	
Authorized—		
200,000 first preference shares of \$50 par value each issuable in series		
1,000,000 common shares of no par value each		
Issued and fully paid—		
30,000 6% preference shares Series A.....	—	1,500,000
444,400 common shares.....	—	157,150
Retained earnings.....	2,106,368	1,977,968
	<u>\$ 7,665,338</u>	<u>\$ 7,256,311</u>

*The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.*

# Livingston Industries Limited

and its Subsidiaries

## Statement of Consolidated Earnings for the Five Years Ended April 30, 1967

	Years ended April 30				
	1967	1966	1965	1964	1963
Net sales.....	\$14,611,844	\$9,730,128	\$6,722,054	\$4,692,344	\$4,541,029
Consolidated earnings from operations before charges set out below.....	\$ 2,196,356	\$1,687,052	\$ 991,091	\$ 574,988	\$ 560,158
Depreciation and amortization.....	703,994	592,662	290,581	131,388	105,959
Taxes on income of subsidiary companies....	51,000	36,500	5,000	2,400	3,900
	<u>754,994</u>	<u>629,162</u>	<u>295,581</u>	<u>133,788</u>	<u>109,859</u>
Consolidated earnings before interest and taxes on income of Livingston Industries Limited	<u>1,441,362</u>	<u>1,057,890</u>	<u>695,510</u>	<u>441,200</u>	<u>450,299</u>
Interest of Livingston Industries Limited:					
Bank and other short term debt.....	66,165	116,296	30,808	(6,261)	4,424
Mortgage.....	155,769	—	—	—	—
Bond and other long term debt.....	6,263	11,373	9,508	11,293	16,777
	<u>228,197</u>	<u>127,669</u>	<u>40,316</u>	<u>5,032</u>	<u>21,201</u>
Consolidated earnings before taxes on income of Livingston Industries Limited.....	<u>1,213,165</u>	<u>930,221</u>	<u>655,194</u>	<u>436,168</u>	<u>429,098</u>
Taxes on income:					
Current (Note 8).....	490,000	346,000	234,000	188,000	195,000
Deferred (Note 4).....	104,000	112,000	88,000	10,000	—
	<u>594,000</u>	<u>458,000</u>	<u>322,000</u>	<u>198,000</u>	<u>195,000</u>
Consolidated net earnings.....	<u>\$ 619,165</u>	<u>\$ 472,221</u>	<u>\$ 333,194</u>	<u>\$ 238,168</u>	<u>\$ 234,098</u>

## Statement of Consolidated Retained Earnings for the Five Years Ended April 30, 1967

Balance, beginning of year.....	\$ 1,509,283	\$1,059,142	\$ 748,028	\$ 531,490	\$ 319,997
Net earnings.....	619,165	472,221	333,194	238,168	234,098
	<u>2,128,448</u>	<u>1,531,363</u>	<u>1,081,222</u>	<u>769,658</u>	<u>554,095</u>
Dividends paid on preference shares.....	22,080	22,080	22,080	21,630	22,605
Balance, end of year.....	<u>\$ 2,106,368</u>	<u>\$1,509,283</u>	<u>\$1,059,142</u>	<u>\$ 748,028</u>	<u>\$ 531,490</u>

*The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.*



# Livingston Industries Limited

and its Subsidiaries

## Notes to Consolidated Financial Statements

1. The above statements consolidate the accounts of the Company and all its subsidiaries, namely Livingston Motors Limited and Lakeshore Transport Limited.

2. Inventories are carried at the lower of cost or market (net realizable value). The consolidated inventories at April 30, 1967 are made up as follows:

Raw materials.....	\$ 670,914
Work in process.....	300,377
Finished goods.....	72,793
	<u>\$1,044,084</u>

3. Fixed assets are carried at cost and as at April 30, 1967 are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Land.....	\$ 154,257	\$ —	\$ 154,257
Railway sidings, roadways and fences.....	389,509	67,618	321,891
Buildings.....	3,431,639	942,945	2,488,694
Machinery and equipment.....	2,119,801	1,196,136	923,665
Office furniture and fixtures.....	179,122	97,980	81,142
Automotive equipment.....	419,003	192,569	226,434
	<u>\$6,693,331</u>	<u>\$2,497,248</u>	<u>\$4,196,083</u>
Leasehold improvements at cost less accumulated amortization of \$31,734.....			579,791
			<u>\$4,775,874</u>

4. Capital cost allowances claimable for income tax purposes exceed depreciation recorded in the accounts. The income tax reductions applicable to such extra allowances are not reflected in income but are credited to "Accumulated tax reductions applicable to future years" to be brought into income in subsequent years when total allowances available for tax purposes are less than the depreciation provisions recorded in the accounts.

5. Long Term Debt:

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
8% first mortgage repayable in monthly instalments of \$25,000 due April 23, 1973....	\$1,800,000	\$1,800,000
Less instalment payments due within one year included in current liabilities.....	300,000	300,000
	<u>1,500,000</u>	<u>1,500,000</u>
6½% first mortgage repayable in monthly instalments of \$556 including interest due January 16, 1976.....	50,431	50,431
Less principal instalment payments due within one year included in current liabilities	3,500	3,500
	<u>46,931</u>	<u>46,931</u>
7% note repayable in monthly instalments of \$2,050 plus interest due December 31, 1971	131,061	131,061
Less instalment payments due within one year included in current liabilities.....	31,800	31,800
	<u>99,261</u>	<u>99,261</u>
6% note due to Livingston Holdings Limited.....	275,000	—
	<u>\$1,921,192</u>	<u>\$1,646,192</u>

6. During the year, the Company issued 8,800 common shares for cash under employees' stock option plans as follows 3,360 shares at \$1.50 per share and 5,440 shares at \$2.25 per share. In addition to the capital issued at April 30, 1967, 6,400 common shares were reserved for issue under options held by employees to purchase common shares at \$4.375 per share expiring December 31, 1971. All numbers of common shares and prices in this note 6 have been adjusted to reflect the four-for-one stock split on June 20, 1967.
7. Under the terms of the agreement between the Company and a government agency, holder of the first mortgage, the Company has undertaken not to declare or pay any dividends on common shares, not to redeem, to purchase or otherwise retire or pay off any shares of the then present or future capital stock (limitation suspended June 12, 1967) or make any loans to, investments in or guarantees on behalf of others without the prior written consent of the agency provided, however, that the latter restriction does not apply with respect to transactions between the Company and its parent company, Livingston Holdings Limited, and wholly-owned subsidiary companies, Livingston Motors Limited and Lakeshore Transport Limited.
8. Taxes on income have been assessed and paid up to the close of the 1964 fiscal year in the case of the Company and all its subsidiaries; taxes on income provided in subsequent years are considered adequate to cover taxes not yet assessed.
9. The Company's contractual obligations as at April 30, 1967 with respect to long term leases of premises amounted to approximately \$3,800,000 extending to 1987, the annual rental being \$197,087.

### **Auditors' Report**

To the Directors of  
**LIVINGSTON INDUSTRIES LIMITED**

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Livingston Industries Limited and its subsidiaries as at April 30, 1967 and the statements of consolidated earnings and consolidated retained earnings for the five years ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying consolidated balance sheet presents fairly the consolidated financial position of the companies as at April 30, 1967;
- (b) The accompanying pro forma consolidated balance sheet presents fairly the consolidated financial position of the companies as at April 30, 1967 after giving effect to the adjustments set out in the headnotes thereto;
- (c) The accompanying statements of consolidated earnings and consolidated retained earnings present fairly the consolidated results of operations of the companies for the five years ended April 30, 1967;

all in accordance with generally accepted accounting principles applied on a consistent basis.

June 28, 1967  
London, Canada

(signed) Clarkson, Gordon & Co.  
Chartered Accountants



## **Certificates**

Dated: June 28, 1967

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act of the Province of British Columbia, by Part IX of The Securities Act, 1955 (Alberta), by section 43 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Quebec Securities Act and by section 13 of the Security Frauds Prevention Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

## **Directors and Officers**

(signed) G. V. Livingston, President

(signed) W. T. Barrett, Vice-President Finance

(signed) G. V. Livingston

(signed) William Anderson

(signed) W. T. Barrett

(signed) J. Eacott

(signed) A. H. Wade

(signed) J. V. Plant

(signed)\*G. L. Mitchell

(signed)\*H. E. Bulmer

\*By W. T. Barrett, Agent

(signed) C. A. C. Dobell

## **Underwriters**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act of the Province of British Columbia, by Part IX of The Securities Act, 1955 (Alberta), by section 43 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Quebec Securities Act and by section 13 of the Security Frauds Prevention Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

## **DOMINION SECURITIES CORPORATION LIMITED**

By: (signed) D. H. Ward

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Dominion Securities Corporation Limited: D. H. Ward, G. E. Phipps, S. E. Nixon, N. D. Young, J. G. K. Strathy, A. I. Matheson, J. R. Clarke, J. H. Davie, W. E. Parker, T. P. N. Jaffray.

## SCHEDULE

### *Provisions Attaching to the Preference Shares as a Class*

The 200,000 First Preference Shares with a par value of \$50 each (which, as a class, are herein called the "Preference Shares") will carry and be subject to, as a class, the following preferences, rights, conditions, restrictions, limitations and prohibitions:

#### *Directors' Right to Issue in One or More Series*

The directors of the Company may at any time or from time to time issue the Preference Shares in one or more series, having such rate or rates of preferential dividends with such dates of payment, being payable in such one or more currencies at such rate or rates of exchange, being redeemable at such time or times with or without payment of a premium or not being redeemable, having such sinking or other retirement fund or funds or having no sinking or other retirement fund, being subject to such purchase provisions by the Company or having no purchase provisions, having such designations, having such conversion rights or without conversion rights, and having such other preferred, deferred or other special rights, restrictions, conditions, limitations or prohibitions attaching thereto as shall be determined by resolution of the directors passed at or prior to the issue thereof, provided, however, that when any fixed cumulative dividends or amounts payable on a repayment of capital are not paid in full, the shares of all series shall participate ratably in respect of such dividends, including accumulations, if any, in accordance with the sums which would be payable on the said shares if all such dividends were declared and paid in full, and on any repayment of capital in accordance with the sums which would be payable on such repayment of capital if all sums so payable were paid in full, the whole subject to the following provisions and the issue of supplementary letters patent setting forth such designations, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the shares of each series.

#### *Dividend and Distribution Preference*

The Preference Shares shall be entitled to preference over the common shares and any other shares of the Company ranking junior to the Preference Shares with respect to the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

#### *Parity of Each Series as to Dividends and Distribution*

The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

#### *Voting Rights*

The holders of Preference Shares shall not be entitled (except as hereinafter specifically provided) to receive notice of or to attend any meetings of the shareholders of the Company or to vote at any such meetings (but shall be entitled to have mailed to them copies of the financial statements and the auditors' report thereon submitted to the annual meeting of shareholders) unless and until the Company shall fail to pay in the aggregate four quarterly dividends on the Preference Shares of any one series on the dates on which the same should



be paid according to the terms thereof and until four quarterly dividends on the Preference Shares of the said series shall remain unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter so long as any dividends on any Preference Shares remain in arrears the holders of the Preference Shares of all series shall be entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall be entitled to one vote in respect of each Preference Share held and in addition shall be entitled, voting separately and exclusively as a class, to elect two members of the board of directors of the Company, and all such rights shall continue until all arrears of dividends on all Preference Shares shall have been paid, whereupon such rights shall cease unless and until default shall again be made by the Company in payment of dividends on the Preference Shares of any one series for an aggregate of four quarterly dividends on the dates on which the same should be paid according to the terms thereof and until four quarterly dividends on the Preference Shares of the said series shall remain unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends, whereupon the holders of Preference Shares shall again be entitled to receive notice of and to attend all meetings of the shareholders of the Company and to vote as aforesaid and in addition be entitled, voting separately and exclusively as a class, to elect two members of the board of directors of the Company until all arrears of dividends on all Preference Shares shall have been paid, and so on from time to time. Notwithstanding the foregoing provisions of this clause, the holders of Preference Shares shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof.

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual general meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than ten days written notice and which shall be called by the secretary of the Company upon the written request of the holders of record of at least 10% of the outstanding Preference Shares. In default of the calling of such general meeting by the secretary within five days after the making of such request, such meeting may be called by any holder of record of Preference Shares.

Any vacancy or vacancies occurring among members of the board elected to represent the holders of Preference Shares in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director elected to represent the holders of Preference Shares but if there be no such remaining director the board may elect or appoint sufficient holders of Preference Shares to fill the vacancy or vacancies. Whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least 10% of the outstanding Preference Shares shall have the right to require the secretary of the Company to call a meeting of the holders of Preference Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting.

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the voting rights of the holders of the Preference Shares, the term of office of the directors elected or appointed to represent the holders of Preference Shares shall forthwith terminate and (ii) the holding of one Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preference Shares.

### *Amendment with Approval of Holders of Preference Shares*

The preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares as a class shall not be deleted or varied without, but may be deleted or varied with, the approval of the holders of Preference Shares given as hereinafter specified.

### *Approval of Holders of Preference Shares*

Any authorization, consent or approval given by holders of Preference Shares (including any authorization required by sub-section (4) of section 33 of The Corporations Act) shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Preference Shares duly called for that purpose and held upon not less than 15 days notice at which the holders of at least a majority of the outstanding Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than  $66\frac{2}{3}\%$  of the votes cast at such meeting, in addition to any other authorization, consent or approval required by The Corporations Act. If at such meeting the holders of a majority of the outstanding Preference Shares are not present or represented by proxy within one half hour after the time appointed for such meeting then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman, and not less than 10 days notice shall be given of such adjourned meeting, but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than  $66\frac{2}{3}\%$  of the votes cast at such meeting shall constitute the authorization, consent or approval of the holders of the Preference Shares. On every poll taken at every such meeting every holder of Preference Shares shall be entitled to one vote in respect of each Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders.

### *Provisions Attaching to Preference Shares Series A*

The first series of Preference Shares will consist of 30,000 shares designated “6% Cumulative Redeemable First Preference Shares Series A” (herein called the “Preference Shares Series A”) and will carry and be subject to the following preferences, rights, conditions, restrictions, limitations and prohibitions:

#### *1.00 Dividends*

1.01 The holders of the Preference Shares Series A shall be entitled to receive and the Company shall pay thereon, when and as declared by the board of directors, out of moneys properly applicable to the payment of dividends, fixed, cumulative preferential dividends at the rate of 6% per annum and no more on the par value thereof, accruing in the case of each such share from the date of issue thereof and payable quarterly on the 15th day of October, 1967 and thereafter on the 15th day of each January, April, July and October adjusted to avoid payments of any fraction of a cent, except that the first quarterly payment so to be made on any share shall be the amount accrued thereon at the said rate on a day to day basis from the date of issue of such share to the date of such quarterly payment. Payment shall be made by cheque at par in lawful money of Canada at any branch in Canada of the Company's bankers.

#### *2.00 Redemption and Purchase Rights*

2.01 Subject to the provisions of clause 8.01, upon giving notice as hereinafter provided, the Company may redeem at any time all the outstanding Preference Shares Series A or from time to time any part thereof either pro rata disregarding fractions or by lot in such manner as the directors deem equitable (which may



include selection among multiple share units constituted as the directors from time to time determine) on payment for each such share to be redeemed of 106% of the par value thereof if redeemed on or before July 15, 1970; 105% of the par value thereof if redeemed thereafter and on or before July 15, 1973; 104% of the par value thereof if redeemed thereafter and on or before July 15, 1976; 103% of the par value thereof if redeemed thereafter and on or before July 15, 1979; 102% of the par value thereof if redeemed thereafter and on or before July 15, 1982; and 101% of the par value thereof if redeemed thereafter; in each case together with accrued and unpaid dividends thereon to the date fixed for such redemption, the whole constituting the redemption price.

2.02 In the case of any redemption of Preference Shares Series A under the provisions of clause 2.01, the Company shall give at least 30 days prior notice in writing to each person who at the date of giving such notice is the registered holder of Preference Shares Series A to be redeemed of the intention of the Company to redeem such shares. Such notice shall be given by posting the same in a postage paid letter addressed to each such holder of Preference Shares Series A to be redeemed at the last address of such holder as it appears on the books of the Company or, in the event of the address of any holder not so appearing, then to the address of such holder last known to the Company, provided that the accidental failure or omission to give any such notice as aforesaid to one or more of such holders shall not affect the validity of the redemption of the Preference Shares Series A to be redeemed. Such notice shall set out the redemption price and the date on which the redemption is to take place and, unless all the Preference Shares Series A held by the holder to whom it is addressed are to be redeemed, shall also set out the number of such shares so held which are to be redeemed. On and after the date so specified for redemption the Company shall pay or cause to be paid to the holders of such Preference Shares Series A to be redeemed the redemption price on presentation and surrender at the head office of the Company, or at any other place or places within Canada designated by such notice, the certificate or certificates for such Preference Shares Series A so called for redemption. Such payment shall be made by cheque payable at par at any branch in Canada of the Company's bankers. Such Preference Shares Series A in respect of which the redemption price has been paid as aforesaid shall thereupon be redeemed. If a part only of such Preference Shares Series A represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company. From and after the date specified for redemption in any such notice, the Preference Shares Series A called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be duly made by the Company upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of such holders shall remain unaffected. At any time after notice of redemption is given as aforesaid, the Company shall have the right to deposit the redemption price of any or all Preference Shares Series A called for redemption with any chartered bank or banks or with any trust company or trust companies in Canada named for such purpose in the notice of redemption to the credit of a special account or accounts in trust for the respective holders of such shares, to be paid to them respectively without interest upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Preference Shares Series A in respect whereof such deposit shall have been made shall be and be deemed to be redeemed and the rights of the holders thereof shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company.

2.03 Subject to the provisions of clause 8.01, the Company may, in addition to its right to redeem Preference Shares Series A as provided above, at any time or times, purchase (if obtainable) for cancellation all or any part of the Preference Shares Series A outstanding from time to time in the open market (including purchase

through or from an investment dealer or any firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Preference Shares Series A outstanding, at the lowest price or prices at which in the opinion of the directors such shares are obtainable but not exceeding the redemption price at which, at date of purchase, such shares are redeemable as provided in clause 2.01 plus costs of purchase. In the event that, upon any invitation for tenders made by the Company as herein provided, the Company shall receive two or more tenders of Preference Shares Series A at the same price and which shares, when added to any shares already tendered at a lower price or prices, aggregate more than the number for which the Company is prepared to accept tenders, then if any Preference Shares Series A so tendered at the same price are purchased by the Company they shall be purchased from such holders tendering at the same price as nearly as may be pro rata, disregarding fractions.

2.04 Preference Shares Series A which are purchased, redeemed or deemed to be redeemed in accordance with any of the provisions hereof shall be and be deemed to be cancelled and shall not be reissued.

### *3.00 Purchase Fund*

3.01 So long as any of the Preference Shares Series A are outstanding the Company shall on January 2 in each year commencing in the year 1969 enter on its books to the credit of a purchase fund an amount to be used for the purchase of Preference Shares Series A which shall be 3% of the aggregate par value of all Preference Shares Series A theretofore issued; provided that the Company shall only be required on any such January 2 to set aside in such special account the lesser of an amount equal to 3% of the aggregate par value of all Preference Shares Series A theretofore issued and the amount, if any, that will result in the amount to the credit of such special account equalling 6% of such aggregate par value.

3.02 Subject to the provisions of clause 8.01 any agreements between the Company and the holders of its Funded Obligations and subject to all applicable laws, the amount to the credit of such special account shall be applied by the Company with reasonable despatch to the purchase of Preference Shares Series A if available in the open market at a price (exclusive of costs of purchase) below the par value of such shares. An amount equal to the aggregate par value of Preference Shares Series A previously redeemed or purchased for cancellation otherwise than out of the purchase fund may be applied by the Company, to the extent not previously so applied, in satisfaction of the obligations of the Company to set aside funds for the purchase fund.

### *4.00 Liquidation*

4.01 The holders of Preference Shares Series A shall be entitled on the liquidation, dissolution or winding up of the Company or on the distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, to payment of the amount paid up thereon, together with an amount equal to all accrued and unpaid dividends to the date of such distribution in the case of any liquidation, dissolution, winding up or other distribution which is involuntary, and to payment of an amount equal to the redemption price hereinbefore provided for current at the date of such distribution in the case of any such liquidation, dissolution, winding up or other distribution which is voluntary, in all cases before any distribution of assets shall be made to the holders of any of the common shares or other shares of the Company ranking junior to the Preference Shares Series A.

4.02 After payment to the holders of the Preference Shares Series A as aforesaid, such holders shall not have the right to any further participation in any distribution of the assets of the Company.

### *5.00 Pre-emptive Rights*

5.01 No holder of Preference Shares Series A shall be entitled as of right to subscribe for or purchase or receive any shares, bonds, debentures or other securities of the Company now or hereafter authorized.



*6.00 Approval of Amendments*

6.01 The preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares Series A shall not be deleted or varied without, but may be deleted or varied with, the consent or approval of the holders of the Preference Shares Series A.

*7.00 Approval of Holders of Preference Shares Series A*

7.01 Any authorization, consent or approval given by holders of Preference Shares (including any authorization required by sub-section (4) of section 33 of The Corporations Act) shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Preference Shares Series A duly called for that purpose and held upon not less than 15 days notice at which the holders of at least a majority of the outstanding Preference Shares Series A are present or are represented by proxy and carried by the affirmative vote of not less than 66⅔% of the votes cast at such meeting, in addition to any other authorization, consent or approval required by The Corporations Act. If at such meeting the holders of a majority of the outstanding Preference Shares Series A are not present or represented by proxy within one half hour after the time appointed for such meeting then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman and not less than ten days notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preference Shares Series A present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than 66⅔% of the votes cast at such meeting shall constitute the authorization, consent or approval of the holders of Preference Shares Series A. On every poll taken at every such meeting every holder of Preference Shares Series A shall be entitled to one vote in respect of each Preference Share Series A held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders.

*8.00 Restrictions While Preference Shares Series A Outstanding*

8.01 So long as any of the Preference Shares Series A are outstanding:

- (a) the Company shall not permit any Designated Subsidiary to issue any shares or issue, incur, assume or guarantee any Funded Obligations, except to or of the Company or to or of another Designated Subsidiary or to a trustee in support of a guarantee of indebtedness of the Company or of another Designated Subsidiary;
- (b) the Company shall not sell or otherwise dispose of, except to a Designated Subsidiary, or permit any Designated Subsidiary to sell or otherwise dispose of except to the Company or another Designated Subsidiary, any Funded Obligations or shares of a Designated Subsidiary held by or for the Company or any Designated Subsidiary; provided that notwithstanding the foregoing the Company may:
  - (i) sell or otherwise dispose of any Funded Obligations or shares of any Designated Subsidiary if all the Funded Obligations and shares of such Designated Subsidiary owned by the Company and/or by other Designated Subsidiaries are sold or otherwise disposed of so that neither the Company nor any Designated Subsidiary will own any thereof; or
  - (ii) permit any Designated Subsidiary to sell or otherwise dispose of Funded Obligations or shares of another Designated Subsidiary if all Funded Obligations and shares of such last mentioned Designated Subsidiary owned by the Company and/or by other Designated Subsidiaries are sold or otherwise disposed of so that neither the Company nor any Designated Subsidiary will own any thereof;

and the Company after such permitted sale or other disposal (except to the Company or to any Designated Subsidiary) shall submit particulars of the transaction to the Company's auditors with reasonable despatch and, if within 15 days of such submission, such auditors advise the Company that, in their opinion, such sale or other disposal would otherwise be prejudicial to the holders of the Preference Shares Series A, the Company will forthwith use or cause to be used an amount equivalent to the aggregate net disposal price of such sale or disposal to redeem or otherwise retire Funded Obligations, Purchase Money Obligations or Preference Shares (other than Funded Obligations, Purchase Money Obligations or Preference Shares held by or for the Company or any Designated Subsidiary);

- (c) excepting, for all purposes of this sub-clause (c), sales or other disposals by a Designated Subsidiary to the Company or to another Designated Subsidiary, if in any fiscal period of the Company any Designated Subsidiary sells or otherwise disposes of any of its fixed assets and such sale or disposal results in the aggregate net disposal price of all such sales and disposals by all Designated Subsidiaries in such fiscal period exceeding \$100,000, the Company will with reasonable despatch submit to the Company's auditors particulars of all such sales and disposals by all Designated Subsidiaries in such fiscal period and, if within 15 days of such submission, such auditors advise the Company that, in their opinion, the sale or disposal would otherwise be prejudicial to the holders of the Preference Shares Series A, the Company will forthwith use or cause to be used an amount equivalent to such excess to redeem or otherwise retire Funded Obligations, Purchase Money Obligations or Preference Shares (other than Funded Obligations, Purchase Money Obligations or Preference shares held by or for the Company or any Designated Subsidiary) and upon each subsequent sale or disposal of fixed assets in such fiscal period by a Designated Subsidiary the Company will submit particulars thereof to such auditors with reasonable despatch and, if such auditors within a like period of 15 days similarly advise the Company with respect to such subsequent sale or disposal, the Company will forthwith use or cause to be used an amount equivalent to the net disposal price thereof to redeem or otherwise retire Funded Obligations, Purchase Money Obligations or Preference Shares (other than Funded Obligations, Purchase Money Obligations or Preference Shares held by or for the Company or any Designated Subsidiaries);
- (d) the Company shall not voluntarily wind up its affairs, surrender its charter, sell, lease or otherwise dispose of its assets and undertaking as an entirety or substantially as an entirety or take other steps with a view to the discontinuance of its undertaking unless contemporaneously therewith the Company shall make adequate provision for the immediate retirement of all the outstanding Preference Shares Series A;
- (e) the Company shall not make any payment or distribution to its shareholders or any of them by way of dividend in cash or in specie or by way of purchase, redemption or reduction of capital at any time when any dividends on the Preference Shares Series A are in arrears and unless at the date of authorization by the directors of such payment or distribution, if such payment or distribution is made within 60 days thereafter, or at the date such payment or distribution is made if it is made without prior authorization by the directors or more than 60 days after the date of such authorization, Consolidated Equity will be an amount in excess of \$2,000,000 after giving effect to such payment or distribution; provided that the prohibition of this sub-clause (e) shall not apply to:
  - (i) the declaration or payment of cumulative dividends on the Preference Shares,
  - (ii) the declaration, payment or distribution of stock dividends, or
  - (iii) any payment or distribution by the Company by way of purchase, redemption or reduction of capital if made out of the proceeds of an issue of shares by the Company ranking junior to the



Preference Shares Series A and made concurrently with or prior to such purchase, redemption or reduction;

- (f) the Company shall not create or issue any shares ranking in priority to the Preference Shares Series A; and
- (g) the Company shall not issue any shares ranking on a parity with the Preference Shares Series A unless Consolidated Net Earnings for any 12 consecutive calendar months selected by the Company of the 23 calendar months next preceding the date of issue of such additional shares shall have been at least three times maximum annual dividend requirements of all Preference Shares Series A and other shares of the Company, if any, ranking in priority thereto or on a parity therewith (and any preference shares of a Designated Subsidiary not held by the Company or by another Designated Subsidiary) which will be outstanding after the issue of the shares proposed to be issued to rank on a parity with the Preference Shares Series A, provided that any of such shares which have been duly called for redemption and for the redemption whereof adequate provision has been made assuring they will be redeemed within 45 days after the issue of such shares ranking on a parity with the Preference Shares Series A shall not be considered to be outstanding for the purposes of this sub-clause (g).

8.02 Nothing in clause 8.01 shall apply to, hinder or prevent any of the actions referred to in such clause if the same shall have been authorized by the holders of the Preference Shares Series A in the manner hereinbefore specified or if all the Preference Shares Series A have been duly called for redemption and adequate provision has been made assuring that they will be redeemed on or before the date specified for redemption.

#### *9.00 Voting Rights*

9.01 The voting rights carried by the Preference Shares Series A are as conferred upon the Preference Shares as a class, of which the Preference Shares Series A form a part.

#### *10.00 Definitions*

In these provisions relating to the Preference Shares Series A, the following terms shall have the following respective meanings:

10.01 “Designated Subsidiary” means any company designated as a Designated Subsidiary by resolution of the directors of the Company if, at the time of such designation:

- (a) the Company owns such number of shares of such class or classes of the shares of such company as entitles it: (i) to receive, on any distribution of the assets of such company among its shareholders for the purpose of winding up its affairs, more than 50% of the amount to be distributed, if any; and (ii) to cast more than 50% of the votes at any general meeting of shareholders of such company excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events; or
- (b) the Company and/or one or more other Designated Subsidiaries owns or own such number of shares of such class or classes of the shares of such company as entitles it or them: (i) to receive, on any distribution of the assets of such company among its shareholders for the purpose of winding up its affairs, more than 90% of the amount to be distributed, if any; and (ii) to cast more than 90% of the votes at any general meeting of shareholders of such company excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular

event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events;

provided that any Designated Subsidiary shall cease to be a Designated Subsidiary:

- (c) upon a sale or other disposal of all of its shares, resulting in neither the Company nor any other Designated Subsidiary owning any thereof, as permitted by sub-clause (b) of clause 8.01 hereof; and
- (d) on the date specified in a resolution of the directors of the Company electing that any Designated Subsidiary shall cease to be a Designated Subsidiary on such date, provided that on such date:
  - (i) no dividends on the Preference Shares Series A are in arrears;
  - (ii) after giving effect to such election, there would be no Designated Subsidiary ceasing to be such by virtue of such election which owns any shares or Funded Obligations of any other Designated Subsidiary; and
  - (iii) Consolidated Net Earnings for any 12 consecutive calendar months selected by the Company of the 23 calendar months next preceding such date shall have been at least five times maximum annual dividend requirements of all Preference Shares Series A and other shares of the Company outstanding, if any, ranking in priority thereto or on a parity therewith, provided that any of such shares which have been duly called for redemption and for the redemption whereof adequate provision has been made assuring they will be redeemed within 45 days after the effective date of such election shall not be considered to be outstanding for the purposes of this paragraph (iii).

10.02 “Funded Obligations” means any indebtedness, whether secured or unsecured, incurred by the Company and/or any one or more Designated Subsidiaries by way of creation, issue, guarantee, assumption or otherwise which is not payable on demand and the due date of payment of which, including any right of extension or renewal, is 18 months or more after the date on which incurred, but does not include Purchase Money Obligations.

10.03 “Purchase Money Obligations” means any indebtedness, secured or unsecured, incurred by the Company and/or any one or more Designated Subsidiaries by way of creation, issue, guarantee, assumption or otherwise to provide at the time of acquisition the whole or any part of the consideration for the acquisition of physical property by the Company or by any Designated Subsidiary (before or after becoming a Designated Subsidiary) and any renewal, refunding or extension of any such indebtedness not in excess of the outstanding principal amount of the indebtedness being renewed, refunded or extended.

10.04 “Consolidated Net Earnings” for any specified period of 12 months means (after eliminating all inter-company items among the Company and its Designated Subsidiaries) the aggregate excess, during such period of 12 months, of

- (a) the gross operating revenues, dividends received in cash from other companies, and interest, revenues and other income derived from all sources (exclusive of profits on the disposal of fixed assets and investments and similar non-recurring items in excess of \$15,000 in the aggregate in such period), over
- (b) all operating, selling and administration expenses of every character (exclusive of losses on the disposal of fixed assets and investments and similar non-recurring items in excess of \$15,000 in the aggregate in such period, and exclusive of amortization of debt premium, discount and expense, and any charges made against earnings for the purpose of amortizing the book value of intangible assets), including but without limiting the generality of the foregoing, insurance premiums, interest, rentals, fees, provisions for normal depreciation, depletion and allowance for doubtful accounts, contributions to



employees' profit sharing and retirement or other pension funds and provision for taxes (including income and profits taxes making any appropriate reduction in respect of capital cost allowances claimed in excess of recorded depreciation);

of the Company and of those companies which will be Designated Subsidiaries immediately after: (i) the issue of the shares ranking on a parity with the Preference Shares Series A, or (ii) the effective date of an election that any Designated Subsidiary shall cease to be a Designated Subsidiary, in respect of which the computation is being made, all as determined on a consolidated basis in accordance with sound accounting practice and reported upon by the Company's auditors without, in their opinion, material adverse qualification; provided that:

- (c) the income of a Designated Subsidiary shall only be included if,
  - (i) it became a Designated Subsidiary (or would have qualified as a Designated Subsidiary if it had been designated as such by a resolution of the directors of the Company) prior to the commencement of such period of 12 months, or
  - (ii) it became a Designated Subsidiary during or after such period of 12 months (and would not have qualified as a Designated Subsidiary if it had been designated as such by a resolution of the directors of the Company prior to the commencement of such period) and has carried on substantially the same business throughout such period and thereafter until the date of the action requiring determination of Consolidated Net Earnings; and
- (d) if the Company and/or one or more of its Designated Subsidiaries shall have acquired, within or after such period of 12 months but prior to or concurrently with the date of the action requiring determination of Consolidated Net Earnings,
  - (i) real property or an interest therein, together with related plant and/or equipment, which, as a whole, were used or operated within such period of 12 months in a business similar to that which they are or are to be used by the Company and/or such Designated Subsidiary or Designated Subsidiaries and are so used or operated from acquisition until the date of the action requiring determination of Consolidated Net Earnings, or
  - (ii) any business as a going concern, including all or substantially all of the physical assets used in such business, and the same or substantially the same business has thereafter been carried on by the Company and/or such Designated Subsidiary or Designated Subsidiaries until the date of the action requiring determination of Consolidated Net Earnings,

then the income from such real property or interest therein, together with related plant and equipment, or of such business, as the case may be, for the whole of such period of 12 months may be included as if such properties had been owned by the Company and/or such Designated Subsidiary and/or Designated Subsidiaries during the whole of such period or as if such business had been acquired prior to the commencement of such period, as the case may be.

10.05 "Consolidated Equity" means the aggregate of the paid up capital of all shares ranking junior to the Preference Shares Series A, contributed surplus and earned surplus (including reserves constituting in the opinion of the Company's auditors a voluntary segregation of surplus and including any deferred credit in respect of, or any provision for, deferred taxes on income but excluding any surplus resulting from an appraisal or other valuation of assets in excess of the cost thereof less normal depreciation to the time of such appraisal or other valuation if (i) in the case of the Company and of those companies which at the time of the issuance of the Preference Shares Series A are Designated Subsidiaries such appraisal or other valuation

was made after July 12, 1967 and (ii) in the case of any other Designated Subsidiary such appraisal or other valuation was made after the earliest time at which such Designated Subsidiary would have qualified as and been a Designated Subsidiary if it had, at such time, been designated as such by resolution of the directors of the Company) of the Company and its Designated Subsidiaries, determined on a consolidated basis in accordance with sound accounting practice.

10.06 The words “in priority to”, “on a parity with” and “junior to” or words of like implication have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company whether voluntary or involuntary.

10.07 The words “accrued and unpaid dividends” mean an amount computed at the rate of dividends attaching to the Preference Shares Series A as though dividends on such shares had been accruing on a day to day basis from, in the case of each such share, the date of issue thereof to the date to which the computation of accrued dividends is to be made, after deducting all dividend payments made on such shares.

#### *11.00 Certain Computations*

11.01 Any determination of Consolidated Net Earnings having been made and reported upon by the Company’s auditors in accordance with the provisions of clause 10.04 shall be conclusive and binding for all purposes of the provisions relating to the Preference Shares Series A.

11.02 For the purpose of determining Consolidated Equity for the purpose of clause 10.05, the Treasurer, Comptroller or other senior financial officer of the Company shall compute the same from the books or other financial records of the Company and its Designated Subsidiaries and shall make a report to the directors of the Company of the amount thereof, which amount shall be computed as at a date not more than 90 days prior to the date of the action requiring determination thereof and shall be adjusted to give effect to the proposed action and shall take into account any substantial changes therein from the date as at which such computation is made to the date of such action. Any such computation may determine Consolidated Equity to be not less than a stated amount without determining the exact amount thereof. Any such computation having been so made, Consolidated Equity as at the date of the action requiring determination thereof shall be conclusively deemed to be not less than the stated amount thereof in the latest computation thereof so made prior to such date and such computation shall be conclusive and binding for all purposes of the provisions relating to the Preference Shares Series A.









New and Outstanding Issue

# Livingston Industries Limited

**\$1,500,000**

**6% Cumulative Redeemable First  
Preference Shares Series A**



---

**40,000 Common Shares**

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*Prospectus*

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## **DOMINION SECURITIES CORPORATION LIMITED**

*Established 1901*

TORONTO	MONTREAL	OTTAWA	VANCOUVER	NEW YORK	LONDON	PARIS	BOSTON
HALIFAX	SAINT JOHN	QUEBEC	WINNIPEG	CALGARY	EDMONTON	VICTORIA	LONDON
KITCHENER	HAMILTON	BRANTFORD	ST. CATHARINES	FORT WILLIAM	PETERBOROUGH		

June 28, 1967

Printed in Canada



This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2269

COMMON SHARES LISTED AUGUST 4, 1967  
FIRST PREFERENCE SHARES SERIES A  
LISTED SEPTEMBER 12, 1967

510,800 Common Shares without par value of  
which 66,400 shares are subject to  
issuance.  
Stock Symbol "LVI"  
Dial Quotation Number 1293  
Post Section 10

30,000 6% Cumulative Redeemable First Pre-  
ference Shares Series A of \$50 par value  
each.  
Stock Symbol "LVI PR"  
Dial Quotation Number 2048  
Post Section 10

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

LIVINGSTON INDUSTRIES LIMITED

Incorporated under the laws of the Province of Ontario  
by Letters Patent dated December 13, 1945

CAPITALIZATION AS AT JULY 12, 1967

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING AT JULY 12, 1967	TO BE LISTED
First Preference Shares with a par value of \$50 each issuable in one or more series of which the first is:—	200,000		
6% Cumulative Redeemable First Preference Shares Series A	30,000	30,000	30,000
Second Preference Shares with a par value of \$10 each	29,640	29,640 (1)	nil
Third Preference Shares with a par value of 20¢ each	358,000	358,000 (1)	nil
Common Shares without par value	1,000,000	444,400	510,800 (2)
FUNDED DEBT			
8% First Mortgage Loan	\$2,100,000	\$1,750,000.00	nil
7% Note	\$ 144,759	\$ 125,652.70	nil

NOTES:

- (1) Redeemed August 31, 1967.
- (2) 66,400 common shares are subject to issuance.
- (3) The 6% Cumulative Redeemable First Preference Shares Series A will, when originally issued in definitive form, have attached thereto detachable Common Share Purchase Warrants to purchase common shares on or before July 15, 1977 at the price of \$12.50 per share on the basis of two common shares for each 6% Cumulative Redeemable First Preference Share Series A.

July 12, 1967

1. APPLICATION

LIVINGSTON INDUSTRIES LIMITED (the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 510,800 common shares without par value of the Company of which 444,400 have been issued and are outstanding as fully paid and non-assessable and 30,000 6% Cumulative Redeemable First Preference Shares Series A comprising the first series of 200,000 First Preference Shares with a par value of \$50 each, all of which 30,000 preference shares have been issued and are outstanding as fully paid and non-assessable. The remaining 66,400 common shares included in this application have been reserved as follows:

Stock options granted to certain directors and officers at \$4.375 per share expiring December 31, 1971	6,400
For issue upon the exercise of the Common Share Purchase Warrants	60,000
	66,400

## 2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached prospectus issued by the Company under date of June 28, 1967 with respect to the offering of 30,000 6% Cumulative Redeemable First Preference Shares Series A and 40,000 common shares without par value of the Company, a copy of which prospectus is hereby incorporated in this application and made part hereof.

## 3. SHARE ISSUES DURING PAST TEN YEARS

CLASS	DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
6% Cumulative Redeemable First Preference Shares Series A	July 12, 1967	30,000	\$50.00	\$1,500,000	See prospectus attached under "Use of Proceeds" on page 5.
Second Preference Shares	Aug. 19, 1963	28,640		286,400)	Issued as a result of a reclassification by supplementary Letters Patent of 3,580 6% cumulative preference shares of \$100 par value each then outstanding.
Third Preference Shares	Aug. 19, 1963	358,000		71,600)	
Second Preference Shares	April 22, 1964	1,000	10.00	10,000	Applied to Bank Loan.
Preference Shares of \$100 par value	Jan. 18, 1961	330	100.00	33,000	Applied to Bank Loan.
Common Shares (1)	Year ended April 30, 1965	400	\$1.50	\$600	Issued under employees' stock option plan
	Year ended April 30, 1966	2,240	1.50	3,360	"
	"	960	2.25	2,160	"
	"	8,000	2.75	22,000	"
	Year ended April 30, 1967	3,360	1.50	5,040	"
	"	5,440	2.25	12,240	"

(1) Adjusted to reflect sub-division on a four-for-one basis on June 20, 1967.

## 4. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company or its subsidiaries listed on any other Stock Exchange.

## 5. STATUS UNDER SECURITIES ACTS

The 30,000 6% Cumulative Redeemable First Preference Shares Series A and the 40,000 common shares of the Company offered for sale by the above-mentioned prospectus were qualified for sale to the public through registered brokers in each of the provinces of Canada except Prince Edward Island and Newfoundland.

## 6. FISCAL YEAR

The fiscal year of the Company ends on April 30 in each year.

## 7. ANNUAL MEETINGS

The by-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or elsewhere in Ontario as the board of directors may by resolution determine. The last meeting of the Company was held on January 27, 1967, at the head office of the Company, Tillson Avenue, Tillsonburg.

## 8. HEAD AND OTHER OFFICES

The head office is located at Tillson Avenue, Tillsonburg, Ontario. Other offices are maintained at Hagersville, Ontario, and at 340 Rexdale Avenue, Rexdale, Ontario.

*No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*

New and Outstanding Issue

# Livingston Industries Limited

**\$1,500,000**

(30,000 shares)

## **6% Cumulative Redeemable First Preference Shares Series A**

(par value \$50 per share)

### **Carrying Common Share Purchase Warrants**

## **40,000 Common Shares**

(no par value)

**Offered in Units consisting of three Preference Shares Series A and four Common Shares.**

The Preference Shares Series A to be redeemable and to have a purchase fund as provided on page 8 hereof.

The Common Shares offered by this prospectus are being purchased from Livingston Holdings Limited which, prior to such purchase, held 348,248 Common Shares and after giving effect to such purchase will hold 308,248 Common Shares.

**The Preference Shares Series A, when originally issued in definitive form, to have attached bearer Common Share Purchase Warrants to purchase Common Shares on the basis of 2 Common Shares for each Preference Share Series A. The Warrants to be detachable, exercisable at \$12.50 per share on or before July 15, 1977 and to be as described on page 10 hereof.**

In the opinion of Counsel, the Preference Shares Series A and the Common Shares will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may, without availing itself of the provisions of subsection (4) of section 63 of the said Act, invest its funds.

	Price to Public	Underwriting Commission	Proceeds to Company (1)	Proceeds to Selling Shareholder
Per Share: Preference Shares Series A	\$ 50	\$2.00	\$ 48	\$ —
Common Shares	11	0.66	—	10.34
Per Unit	194	8.64	144	41.36
Total	\$1,940,000	\$86,400	\$1,440,000	\$413,600

(1) Before deducting expenses estimated at \$50,000.

*An application has been made to list the Preference Shares Series A and the Common Shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution both within 90 days.*

We, as principals, offer these Preference Shares Series A and Common Shares in units subject to prior sale and change in price (and if, as and when the Preference Shares Series A are issued) and subject to the approval of all legal matters on our behalf by Messrs. Campbell, Godfrey & Lewtas, Toronto and on behalf of the Company by Messrs. Mitchell, Hockin & Dawson, London. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that interim share certificates for the Preference Shares Series A and for the Common Shares, later exchangeable without charge for definitive share certificates will be available for delivery in Toronto, Montreal, Winnipeg and Vancouver on or about July 12, 1967.



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## **The Company**

Livingston Industries Limited (hereinafter called the "Company") was incorporated under the laws of the province of Ontario by letters patent dated December 13, 1945 under the name Livingston Lumber & Mfg. Limited. Following a period in which no active business operations were carried on by the Company it obtained an order dated July 13, 1950 reviving its charter. By supplementary letters patent dated July 14, 1950, the name of the Company was changed to Livingston Wood Manufacturing Limited and by those supplementary letters patent and by others dated August 27, 1952, August 19, 1963, June 20, 1967 and June 21, 1967, various changes in the Company's capital structure were effected. By supplementary letters patent dated April 17, 1967, the name of the Company was changed to its present form. The Company's head office is located on Tillson Avenue, Tillsonburg, Ontario.

The Company is primarily engaged in the manufacture and sale of containers for the export of automotive products, appliances and agricultural equipment. Other activities include the manufacture and sale of urethane products, metal stampings and wooden parts largely for the same industries.

## ***History***

Business operations were started in 1942 by Mr. Gerald V. Livingston to engage in the manufacture of containers for the export of automotive products and agricultural equipment. Two years later, the manufacture of wooden parts for these industries began and in 1950 the Company commenced production of cleated corrugated containers for the appliance industry.

As an adjunct to the manufacture of containers, it became apparent during the mid-1950's that the Company could effectively undertake some storage, packaging and export operations usually performed by its customers.

The Company's Persista Division, which processes elastomer and manufactures metal products, commenced operations in 1964 at Tillsonburg and shortly thereafter moved to its present facilities in Metropolitan Toronto.

## ***Business***

The Company is organized into four divisions—

### ***Export Packaging Division***

This division, operating at Tillsonburg and Hagersville, Ontario, accounts for over two-thirds of total sales and manufactures wooden containers for the export of components and assemblies for the automotive and agricultural equipment industries.

In its export function, the Company receives large inventories of its customers' products which it packages in its specifically designed and manufactured containers and ships as instructed. Automotive components are shipped by the Company in the form received. Agricultural equipment is received in finished form but is partially disassembled for shipment in order to minimize the size of the container.

The Company is the largest manufacturer of export packaging for these products in Canada. Its main competition has not been from similar firms but from the export departments of its own customers. The success of the export packaging function depends on developing the lowest cost and minimum size container for shipping purposes, maintaining optimum quality of the container for storage purposes, and organizing the actual packaging to achieve efficiency and to facilitate manufacturing in foreign plants. Over the past ten years the Company has acquired a reputation for dependable and efficient operation which has demonstrated to its customers

that overall economies can be achieved by having the Company perform the export function for the customer in conjunction with the manufacture and supply of containers.

Sales of the Export Packaging Division received an impetus from the United States-Canada Automotive Trade Agreement, signed in 1965. The Company is now responsible for all the overseas export requirements of one major North American automobile manufacturer and a substantial part of those requirements of another.

#### *Cleated Corrugated Containers Division*

Cleated corrugated containers for the heavy appliance industry are manufactured by the Company at its Hagersville plant. These containers are corrugated paper boxes which have been reinforced with wooden cleats for additional strength. The Company purchases the corrugated paper pre-cut and printed to customers' specifications, attaches the cleats and ships the containers to the customer for ready assembly.

This packaging concept was developed in the United States and patented. The Company acquired exclusive Canadian rights and found that the containers were readily accepted by the appliance manufacturers because their strength and durability made them superior for merchandise storing and damage free shipment.

At the present time, although the patent has expired, there are no other Canadian manufacturers of this type of container. To a certain extent, the Company competes with all manufacturers of standard corrugated containers and wire-bound boxes but, as in the Export Packaging Division, the main competitors are the customers' packaging departments. The Company has become a major supplier of containers to a number of leading Canadian appliance manufacturers.

#### *Wood Mill Division*

This division, located at Tillsonburg, manufactures wooden parts for the automotive and agricultural equipment industries and the wooden components required by the Export Packaging and Cleated Corrugated Containers Divisions. Products include reel arms and wooden bearings for agricultural equipment and wooden floors for trucks. The Company is the largest Canadian supplier of these products.

#### *Persista Division*

At a plant in Metropolitan Toronto, this division processes elastomer in various forms and manufactures a variety of metal stampings and steel welded cabs for agricultural, construction and logging equipment. It also distributes "Hercu-lam".

The Company purchases elastomer in liquid form, then adds various hardening agents. The compound produced, commonly known as urethane, is a flexible, strong and durable solid which is sometimes used as a replacement for steel in tool and die making, as a covering for wheels and elevator pulleys and for other purposes such as artificial limbs, train bumper guards and automotive parts. Patents relating to the use of urethane in metal stamping dies have been obtained by the Company. The steel cabs are fully equipped and completely finished by the Company and are designed for easy installation on the customers' equipment. The metal stampings include parts for automobiles, trucks, baseboard heaters and outboard motors.

"Hercu-lam" is a highly compressed and extremely dense plywood made in Belgium. It is very strong and is often used as a male die to bend certain metals. The Company has the exclusive Canadian rights to this product.

Sales of the Persista Division are still relatively small, accounting for less than 8% of the Company's total sales. Competition in the sale of this division's products varies with the product. However, the Company believes the growth potential of the Persista Division is high.



### *Subsidiary Companies*

The Company has two wholly-owned subsidiaries which contributed \$71,274 to consolidated net profit in the most recent fiscal year. One, Lakeshore Transport Limited, uses leased tractors and trailers to provide certain transportation facilities to the Company and others. The other, Livingston Motors Limited, derives rentals from equipment and a service station property formerly operated by it.

### *Customers*

The Company's sales are made to customers in the automotive, agricultural equipment and heavy appliance industries in both Canada and the United States. Two automobile manufacturers account for approximately 65% of total sales. Relations with all customers are excellent.

### *Employee Relations*

Employees in each of the Company's three plants are represented by the International Woodworkers of America. The Company has always had favourable relationships with its employees without work stoppages or other serious labour difficulties.

### *Properties*

<u>Plants</u>	<u>Owned or Leased</u>	<u>Floor Area in Square Feet</u>	<u>Acres of Property</u>	<u>Number of Employees</u>
Tillsonburg	Owned & leased	550,000	35	850
Hagersville	Leased	303,500	75	200
Toronto	Leased	70,000	3¼	100

Operations are carried out in three plants having an aggregate floor area of 923,500 square feet. The Tillsonburg plant extends over thirty-five acres of which twenty-five are owned by the Company and ten are leased from Canadian Pacific Railway Company. This plant is fourteen miles south of Highway No. 401, is on the main line of the New York Central Railway Company, and is also served by Canadian Pacific Railway Company, Canadian National Railways and the Wabash Railway Company. The Hagersville plant occupies six airplane hangars of an unused airfield under a lease extending up to 1986. It is on the New York Central Railway Company main line and is also served by Canadian National Railways. The plant in Metropolitan Toronto, leased until 1987, is conveniently situated near major highways.

### **Use of Proceeds**

The proceeds to be received by the Company from the sale of the 30,000 6% Cumulative Redeemable First Preference Shares Series A (hereinafter sometimes called the "Preference Shares Series A") amounting to \$1,500,000, less commission and other expenses incidental to such sale estimated not to aggregate more than \$110,000, will be used (i) as to \$386,400 to redeem all the outstanding first preference shares of \$10 par value and second preference shares of \$0.20 par value of the Company, (ii) as to \$275,000 to repay indebtedness in that amount owed by the Company to Livingston Holdings Limited, which amount when borrowed was applied to the reduction of bank indebtedness, and (iii) as to the balance to reduce bank indebtedness which at April 30, 1967 was \$1,305,451 and which was incurred in the ordinary course of operations including to finance inventories and accounts receivable.

The 40,000 common shares offered by this prospectus are being purchased from a shareholder, as referred to under the heading "Plan of Distribution" on page 7, and as a result the proceeds from the sale of such shares will not be received by the Company.

It is anticipated that, concurrently with the receipt of the proceeds of sale of the Preference Shares Series A, the Company will receive repayment of loans made by it to Livingston Holdings Limited and Mrs. G. V. Livingston in the aggregate amount of \$409,027, which amount will be applied on receipt to the further reduction of bank indebtedness.

### Capitalization

Security	Authorized	Outstanding April 30, 1967	Outstanding May 31, 1967	To be Outstanding on Completion of this Financing
The Company:				
Secured Bank Loan.....	\$1,300,000	\$1,305,451	\$ 778 296	—
Long Term Debt:				
8% First Mortgage Loan.....	2,100,000	1,800,000	1,775,000	\$1,775,000
7% Note.....	144,759	131,061	128,357	128,357
6% Unsecured Loan.....		275,000	275,000	—
Capital Stock:				
First preference shares \$10 par value	38,340 shs.	29,640 shs. (1)	29,640 shs. (1)	—
Second preference shares \$0.20 par value	358,000 shs.	358,000 shs. (1)	358,000 shs. (1)	—
Preference Shares \$50 par value.....	200,000 shs.			
Preference Shares Series A.....	—	—	—	30,000 shs.
Common shares without par value(2)	1,000,000 shs.	444,400 shs.	444,400 shs.	444,400 shs.
Livingston Motors Limited:				
6½% First Mortgage Loan.....	\$ 75,000	\$ 50,431	\$ 50,125	\$ 50,125

Notes: (1) To be redeemed at the par value thereof plus a premium of 5% on August 31, 1967 out of the proceeds of sale of the Preference Shares Series A.

- (2) Adjusted to reflect subdivision of common shares on a four-for-one basis and increase in authorized number of common shares to 1,000,000 shares effective June 20, 1967.
- (3) The Secured Bank Loan, the 8% First Mortgage Loan and the 7% Note are secured on specific separate assets of the Company and rank in priority to all unsecured indebtedness and shares of the Company. The 6% Unsecured Loan is unsecured but ranks in priority to all shares of the Company. The Preference Shares Series A rank in priority to the common shares of the Company. Reference is made to pages 22 and following for the provisions attaching to the Preference Shares Series A.
- (4) Reference is made to Note 9 to the Notes to Consolidated Financial Statements on page 20 for information concerning the extent of obligations arising by virtue of leases of real property.
- (5) No additional substantial indebtedness is now proposed to be created or assumed by the Company or its subsidiaries.

### Details of the Offering

The 30,000 Preference Shares Series A and the 40,000 common shares of the Company offered by this prospectus are being offered in units consisting of three Preference Shares Series A and four common shares at the price and on the basis set forth on the cover page of this prospectus. The Preference Shares Series A will, when issued be, and the common shares offered by this prospectus are, fully paid and non-assessable.

The Preference Shares Series A, when originally issued in definitive form, will have attached thereto detachable bearer Common Share Purchase Warrants to purchase common shares of the Company on the basis of two common shares for each Preference Share Series A.

## ***Plan of Distribution***

The shares offered by this prospectus are being purchased by Dominion Securities Corporation Limited (hereinafter called "Dominion Securities"), as underwriter:

- (a) as to 30,000 Preference Shares Series A, from the Company at the price of \$50 per share pursuant to an agreement dated June 28, 1967 between Dominion Securities and the Company, which agreement also provides for the payment of a commission to Dominion Securities of \$60,000, and
- (b) as to 40,000 common shares from Livingston Holdings Limited at the price of \$10.34 per share pursuant to an agreement dated June 28, 1967 between Dominion Securities and Livingston Holdings Limited,

in each case payable in cash against delivery and upon and subject to the terms and conditions set out in the agreement.

## ***Preference Shares as a Class***

The 200,000 First Preference Shares with a par value of \$50 each (which, as a class, are herein called the "Preference Shares") may be issued in one or more series by the directors of the Company with such preferences, rights, conditions, restrictions, limitations and prohibitions as the directors of the Company determine. The provisions relating to the Preference Shares as a class are summarized below. The complete provisions are substantially as set out on pages 22 to 24 in the Schedule to this prospectus.

### ***Voting Rights***

The holders of the Preference Shares are not entitled to notice of or to attend or vote at any meeting of the shareholders of the Company until the Company has failed to pay a total of four quarterly dividends on any one series of the Preference Shares. Thereafter, so long as there are any arrears of dividends on any of the Preference Shares, the holders of the Preference Shares are entitled (i) to attend all meetings of shareholders of the Company; (ii) to one vote thereat in respect of each Preference Share held; and (iii) voting separately and exclusively as a class, to elect two directors of the Company.

### ***Parity and Preference as to Dividends and on Distributions***

The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to, and shall have, priority over the common shares and any other shares of the Company ranking junior to the Preference Shares in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

### ***Approval of Amendments***

The provisions attaching to the Preference Shares may not be deleted or varied without, but may be deleted or varied with, the consent or approval of the holders of the Preference Shares given by a resolution carried by the affirmative vote of the holders of not less than  $66\frac{2}{3}\%$  of the Preference Shares represented and voted at a meeting called for the purpose at which the holders of at least a majority of the outstanding Preference Shares are present or represented by proxy or at an adjourned meeting where the adjournment was made by reason of such majority not being present or represented.

## ***Preference Shares Series A***

The first series of the Preference Shares are the Preference Shares Series A and the provisions relating thereto are summarized below. The complete provisions, including definitions of "Designated Subsidiary", "Funded Obligations", "Purchase Money Obligations", "Consolidated Net Earnings" and "Consolidated Equity" are substantially as set out on pages 24 to 32 in the Schedule to this prospectus. Lakeshore Transport Limited and Livingston Motors Limited have been designated as and are Designated Subsidiaries.



### *Dividends*

The holders of the Preference Shares Series A are entitled only to fixed, cumulative cash dividends at the rate of 6% of the par value thereof per year, payable quarterly on the 15th days of January, April, July and October in each year.

### *Redemption*

The Company has the right, upon giving at least 30 days prior notice, to redeem at any time all the outstanding Preference Shares Series A or from time to time any part thereof at \$53.00 per share if redeemed on or before July 15, 1970; \$52.50 per share if redeemed thereafter and on or before July 15, 1973; \$52.00 per share if redeemed thereafter and on or before July 15, 1976; \$51.50 per share if redeemed thereafter and on or before July 15, 1979; \$51.00 per share if redeemed thereafter and on or before July 15, 1982; and \$50.50 per share if redeemed thereafter; in each case together with accrued and unpaid dividends to the date fixed for redemption.

### *Liquidation*

In the event of a liquidation, dissolution or winding up of the Company that is involuntary, the holders of the Preference Shares Series A are entitled to the amount paid up thereon together with an amount equal to all accrued and unpaid dividends thereon. In the event of a liquidation, dissolution or winding up that is voluntary, the holders of the Preference Shares Series A are entitled to receive an amount equal to the price at which the Company is then entitled to redeem such shares.

### *Purchase for Cancellation*

The Company is entitled to purchase for cancellation Preference Shares Series A in the open market or by invitation for tenders at a price not in excess of the price at which the Company is then entitled to redeem such shares plus costs of purchase.

### *Purchase Fund*

For the benefit of the holders of the Preference Shares Series A, the Company is required, on January 2 in each year commencing in 1969, to set aside in a special account on its books as a Purchase Fund 3% of the aggregate par value of all Preference Shares Series A theretofore issued up to 6% of such par value. Unless prohibited by the terms of Funded Obligations or law, the Purchase Fund must be applied with reasonable despatch to purchase Preference Shares Series A if available in the open market at a price (exclusive of costs of purchase) below par value. The par value of all Preference Shares Series A otherwise redeemed or purchased may be applied by the Company in satisfaction of the Company's Purchase Fund obligations.

### *No Pre-Emptive Rights*

The holders of Preference Shares Series A have no rights, as such, to subscribe for or purchase any shares, bonds, debentures or other securities of the Company now or hereafter authorized.

### *Restrictions*

So long as any of the Preference Shares Series A are outstanding:

- (a) the Company shall not permit any Designated Subsidiary to issue any shares or issue, incur, assume or guarantee any Funded Obligations except to or of the Company or to or of another Designated Subsidiary or to a trustee in support of a guarantee of indebtedness of the Company or of another Designated Subsidiary;
- (b) the Company shall not dispose of, except to a Designated Subsidiary, or permit any Designated Subsidiary to dispose of, except to the Company or another Designated Subsidiary, any Funded Obliga-

tions or shares of a Designated Subsidiary, unless all of such Funded Obligations and shares held by the Company and/or any Designated Subsidiary are concurrently disposed of;

- (c) except for disposals by the Company to a Designated Subsidiary or by a Designated Subsidiary to the Company or to another Designated Subsidiary, if in any fiscal period of the Company (i) all the Funded Obligations and shares of a Designated Subsidiary are disposed of pursuant to paragraph (b), or (ii) a Designated Subsidiary disposes of fixed assets for an aggregate net disposal price which, when added to the aggregate net disposal price of all previous disposals in such fiscal period would be more than \$100,000, the Company will so advise its auditors and if, in the opinion of such auditors, such disposals would otherwise be prejudicial to the holders of Preference Shares Series A, the Company will apply an amount equal to the aggregate net disposal price of such Funded Obligations and shares or, the excess of the aggregate net disposal price of such fixed assets disposed of in such period over \$100,000, as the case may be, to the retirement of Funded Obligations, Purchase Money Obligations or Preference Shares not held by or for the Company or any Designated Subsidiary;
- (d) the Company shall not in any way voluntarily wind up its affairs or dispose of its assets and undertaking as an entirety or substantially as an entirety unless concurrently adequate provision is made for the immediate retirement of all the outstanding Preference Shares Series A;
- (e) the Company shall not make any payment or distribution to its shareholders by way of dividend or otherwise when any dividends on the Preference Shares Series A are in arrears and unless after giving effect to such payment or distribution, Consolidated Equity will be an amount in excess of \$2,000,000; provided that this prohibition shall not apply to cumulative dividends on the Preference Shares, stock dividends or to a purchase, redemption or reduction of capital if made out of the proceeds of an issue of shares by the Company ranking junior to the Preference Shares Series A and made concurrently with or prior to such purchase, redemption or reduction;
- (f) the Company shall not create or issue any shares ranking in priority to the Preference Shares Series A; and
- (g) the Company shall not issue any shares ranking on a parity with the Preference Shares Series A unless Consolidated Net Earnings for any 12 consecutive calendar months of the 23 calendar months next preceding the date of issue of such additional shares shall have been three times maximum annual dividend requirements of all Preference Shares Series A and other prior or equal shares to be outstanding excluding any of such shares which will be redeemed within 45 days after the proposed issue of shares;

provided that such restrictions shall not apply to any of the actions referred to if authorized by the holders of the Preference Shares Series A or if adequate provision has been made assuring that all the Preference Shares Series A will be redeemed.

#### *Voting Rights*

The voting rights of the Preference Shares Series A are as conferred upon the Preference Shares as a class.

#### *Approval of Amendments*

The provisions attaching to the Preference Shares Series A may not be deleted or varied without, but may be deleted or varied with, the consent or approval of the holders of the Preference Shares Series A.

#### *Authorization of Holders of Preference Shares Series A*

Any authorization, consent or approval of the holders of the Preference Shares Series A may be given by a resolution carried by the affirmative vote of the holders of not less than  $66\frac{2}{3}\%$  of the Preference Shares Series

A represented and voted at a meeting called for the purpose at which the holders of at least a majority of the outstanding Preference Shares Series A are present or represented by proxy or at an adjourned meeting where the adjournment was made by reason of such majority not being present or represented.

### ***Common Shares***

The common shares carry the right to one vote per share at all general meetings of shareholders of the Company.

### ***Common Share Purchase Warrants***

The Common Share Purchase Warrants will entitle the holders thereof at any time on or before July 15, 1977, upon surrender of appropriate Common Share Purchase Warrants, to purchase common shares of the Company at the price payable in cash of \$12.50 per share.

The Common Share Purchase Warrants will be issued pursuant to an indenture (hereinafter called the "Warrant Indenture") to be entered into between the Company and Guaranty Trust Company of Canada, as Trustee, and will expire at 4.00 p.m., Toronto time, on July 15, 1977.

The Warrant Indenture will contain provisions to the effect that, while any of the Common Share Purchase Warrants are outstanding, in the event of (i) any reduction in the number of common shares from time to time outstanding due to consolidation thereof, (ii) any increase in the number of common shares due to subdivision thereof or to any stock dividend paid in common shares, (iii) any other change in such common shares effected by supplementary letters patent, (iv) any issue by the Company of common shares for a consideration less than the price at which common shares may be purchased pursuant to Common Share Purchase Warrants (other than any issued upon the exercise of options granted before July 12, 1967 to officers or directors of the Company and an aggregate maximum of 25,000 common shares issued to employees, officers or directors of the Company upon the exercise of options granted on or after July 12, 1967), or (v) any issue of subscription warrants or other rights containing a right to purchase common shares of the Company, or the issue of securities of the Company convertible into common shares of the Company, for a consideration in such case less than the price at which common shares may be purchased pursuant to Common Share Purchase Warrants (other than the granting on or after July 12, 1967 to employees, officers and directors of the Company of options to purchase an aggregate maximum of 25,000 common shares), then in each such event the rights of the holders of Common Share Purchase Warrants shall, as a result thereof, be adjusted in accordance with the provisions of the Warrant Indenture.

The Company will covenant in the Warrant Indenture that it will give at least 10 days notice to all stock exchanges on which shares of the Company are listed of the record date for (i) any dividend payments on its common shares, (ii) the issuance to holders of common shares of any pro rata rights to subscribe for additional shares, or (iii) any repayment of capital on its common shares, and at least 10 days notice to all such stock exchanges of the effective date of (a) any consolidation or merger with any other company (other than a Designated Subsidiary) or (b) any sale, lease or other disposal of a substantial part of its undertaking.

The Company will covenant in the Warrant Indenture that it will at all times reserve sufficient common shares to satisfy the rights of holders of Common Share Purchase Warrants.

### ***Redemption of First and Second Preference Shares***

The 29,640 first preference shares of \$10 par value and the 358,000 second preference shares of \$0.20 par value of the Company shown on the Consolidated Balance Sheet on pages 16 and 17 as outstanding are to be redeemed on August 31, 1967. For that purpose the Company will, out of its general funds and prior to delivery of the Preference Shares Series A, deposit with Guaranty Trust Company of Canada an amount equal to the



dividends to be accrued and unpaid on such shares as at August 31, 1967 and, out of the proceeds of sale of the Preference Shares Series A, will deposit the balance of the redemption price for all such shares, whereupon under the provisions attaching to such shares they will be redeemed and cancelled on the date fixed for redemption.

### Dividend Record

The following dividends per share have been paid by the Company during the last five completed financial years preceding the date of this prospectus:

	Years Ended April 30				
	1963	1964	1965	1966	1967
First preference shares \$10 par value (1)	\$ .60	\$ .60	\$ .60	\$ .60	\$ .60
Second preference shares \$0.20 par value (1)	.012	.012	.012	.012	.012
Common shares	—	—	—	—	—

Note (1) To be redeemed August 31, 1967 out of the proceeds of sale of the Preference Shares Series A.

### Preference Share Dividend Requirements and Earnings Coverage

Maximum annual dividend requirements on the Preference Shares Series A will amount to \$90,000. The accompanying Statement of Consolidated Earnings on page 18 shows consolidated net earnings for the year ended April 30, 1967 amounted to \$619,165, or approximately 6.9 times such maximum annual dividend requirements.

### Preference Share Asset Coverage

Based on the Pro Forma Consolidated Balance Sheet as at April 30, 1967 on pages 16 and 17, consolidated net tangible assets are as follows:

Current assets	\$2,480,437
Deduct current liabilities	1,661,001
Net current assets	819,436
Net fixed assets	4,775,874
	5,595,310
Deduct long term debt	1,646,192
Consolidated net tangible assets	<u>\$3,949,118</u>

Such consolidated net tangible assets are equivalent to approximately \$132 for each \$50 par value Preference Share Series A to be outstanding.

### Common Share Dividends

The board of directors of the Company has declared a cash dividend of 30 cents per share on its common shares, payable January 25, 1968 to the holders of record of January 10, 1968.

The board of directors has expressed its intention to declare and pay quarterly dividends at the annual rate of 60 cents per share on the common shares of the Company, after payment of the above-mentioned initial dividend, subject from time to time to the factors usually considered at the time of declaration of dividends.

**Directors and Senior Officers****Management**

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Gerald Vincent Livingston 183 Rolph Street, Tillsonburg, Ontario	Chairman of the Board, President, General Manager and Director	Chief executive officer, Livingston Industries Limited
William Thomas Barrett 21 Victoria Street, Tillsonburg, Ontario	Vice-President—Finance and Director	Vice-President—Finance, Livingston Industries Limited
Arthur Harry Wade 6 Hawthorne Crescent, Tillsonburg, Ontario	Vice-President—Manufacturing and Director	Vice-President—Manufacturing, Livingston Industries Limited
William Sanderson Coulthard 6 Parkside Drive, Tillsonburg, Ontario	Secretary	Secretary, Livingston Industries Limited
George Leslie Mitchell, Q.C. 1 Grosvenor Street, London, Ontario	Director	Partner, Mitchell, Hockin & Dawson, Solicitors
William Anderson 2 Fourth Street, Tillsonburg, Ontario	Director	Sales Manager, Livingston Industries Limited
John Francis Eacott 43 Denton Avenue, Tillsonburg, Ontario	Director	Purchasing Agent, Livingston Industries Limited
James Vincent Plant 351 Broadway, Tillsonburg, Ontario	Director	Department Manager, Livingston Industries Limited
Harris Elliott Bulmer 1264 Royal York Road N., Toronto 18, Ontario	Director	Manager, Persista Division, Livingston Industries Limited
Colin Arthur Charles Dobell 19 St. Leonards Avenue, Toronto 12, Ontario	Director	Investment Dealer, Dominion Securities Corporation Limited

Harris Elliott Bulmer was independently engaged in developing a business in the processing of elastomer from 1962 until he became Manager, Persista Division of the Company in 1964, which position he has held since that date. All the other directors and senior officers of the Company have held their present business affiliations for more than five years preceding the date of this prospectus.

**Remuneration**

The aggregate remuneration paid by the Company to its directors and senior officers as such was \$155,662 for its financial year ended April 30, 1967 of which \$4,350 was paid to its directors as such and \$86,012 was paid to officers of the Company who individually received remuneration in excess of \$10,000 per annum. The aggregate remuneration estimated to be paid or payable during the current financial year of the Company to its directors as such is \$4,850 and to its officers who may be individually entitled to receive remuneration in excess of \$10,000 per annum is \$92,000. The aggregate remuneration paid by the Company to its directors and senior officers for the period May 1 to May 31, 1967 was \$10,552. The Company has established a registered

pension plan for the benefit of eligible employees pursuant to which the Company contributes an amount equal to  $5\frac{1}{4}\%$  of the salaries of participating employees. The Company's total contribution to the plan for its financial year ended April 30, 1967 in respect of the directors and senior officers of the Company was \$7,936.

### ***Options to Purchase Securities***

The Company has followed the practice for the past few years of granting annually to certain of its directors and officers options to purchase common shares of the Company at prices established by relation to the book value of such shares as determined by the Company's auditors, there being no established market value for such shares. In the 12 months preceding the date of this prospectus such options have been exercised in respect of 8,800 common shares, of which 3,360 were issued at \$1.50 per share, and 5,440 at \$2.25 per share. The only options outstanding as at May 31, 1967 were options granted January 27, 1967 to certain directors and officers of the Company to purchase an aggregate of 6,400 common shares of the Company at a price of \$4.375 per share (which was established as being approximately 95% of the book value of such shares on December 31, 1966 of \$4.60) until expiry of such options on December 31, 1971. All numbers of common shares and prices in this paragraph have been adjusted to reflect the four-for-one stock split on June 20, 1967.

### ***Interests in Transactions***

The following transactions taking place during the three years next preceding June 1, 1967 were entered into by the Company in which a director or senior officer, any holder of more than 10% of the equity shares of the Company, or any associate of any thereof, has a material interest, direct or indirect:

- (a) by lease dated as of June 1, 1966 the Company leased its Hagersville plants and property from Wyndemere Farms Limited for a term of 5 years from June 1, 1966, renewable at the option of the Company for three further terms of 5 years each, at a rental during the initial period established by the actual plant area used at the rate of 48 cents per square foot with an annual maximum of \$145,707 and for each renewal period at a rental to be established by reference to current conditions at the time of renewal but any increase shall not exceed the increase in the Consumer Price Index; Wyndemere Farms Limited, 183 Rolph Street, Tillsonburg, is a wholly-owned subsidiary of Livingston Holdings Limited, all the outstanding shares of which are beneficially owned by G. V. Livingston and members of his family;
- (b) on March 31, 1966 the Company purchased certain property and plants in Tillsonburg for an aggregate purchase price of \$100,556 from R.H.C. Investments Limited, 264 Tillson Avenue, Tillsonburg, a company one-sixth of the outstanding shares of which are owned by each of W. T. Barrett, W. S. Coulthard and W. Anderson;
- (c) on September 27, 1965, the Company borrowed \$275,000, repayable on demand with interest at 6% per annum, from Livingston Holdings Limited;
- (d) in the period December 28, 1965 up to the present, the Company loaned \$225,098, repayable on demand with interest at 6% per annum, to Livingston Holdings Limited; and
- (e) in the period July, 1965 to July, 1966, the Company loaned \$183,929, repayable \$50,000 on account of principal annually on or before June 30 in each year commencing in 1967 with interest at the rate of 5% per annum, to Mrs. G. V. Livingston, wife of G. V. Livingston.

### ***Material Contracts***

In addition to contracts in the ordinary course of business, the underwriting agreement with Dominion Securities referred to under the heading "Plan of Distribution" on page 6 and the contracts relating to the transactions referred to under the heading "Interest in Transactions" above, the Company has entered into the following material contracts within the two years next preceding June 1, 1967:



- (a) contracts relating to a loan by a government agency to the Company of \$2,100,000 including a realty mortgage on the Company's Tillsonburg property dated December 21, 1965, a supplementary realty mortgage on additional Tillsonburg property dated May 3, 1966, a mortgage on chattels at the Tillsonburg plant dated December 21, 1965, a mortgage on chattels at the Hagersville plant dated March 22, 1967, a mortgage dated December 21, 1965 on the Company's interest in a lease dated June 26, 1964 from Canadian Pacific Railway Company, an agreement dated March 17, 1966 containing certain covenants by the Company, Lakeshore Transport Limited, Livingston Motors Limited and Livingston Holdings Limited, a chattel mortgage dated December 21, 1965 by Livingston Motors Limited, guarantees dated March 17, 1966 by G. V. Livingston, Livingston Motors Limited and Lakeshore Transport Limited and an assignment dated March 17, 1966 by Livingston Holdings Limited of a debt of the Company to it of \$275,000; and
- (b) contracts dated March 26, 1966 and April 13, 1967 between the Company and A. Mantella & Sons Limited providing for the construction of additions to, and revisions to the terms of lease of, the Metropolitan Toronto plant of the Company's Persista Division.

Copies of such contracts and of the Warrant Indenture when executed may be inspected at the head office of the Company during ordinary business hours during the period of primary distribution of the Preference Shares Series A and the common shares offered by this prospectus and for a period of 30 days thereafter.

### Principal Holders of Securities

The following are the names of every holder of equity shares owning of record or known by the Company to own beneficially, either directly or indirectly, more than 10% of any class of the Company's shares as at May 31, 1967:

<u>Name and Address</u>	<u>Class of Shares</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
G. V. Livingston..... 183 Rolph Street, Tillsonburg, Ontario	Second preference (1) Common	Record and beneficial Indirect (4)	290,800 348,248 (2)(3)	81.23 78.36
Livingston Holdings Limited.... c/o The Canada Trust Co., P.O. Box 2545, Terminal 'A', Main Branch, London, Ontario	Common	Record and beneficial	348,248 (2)(3)	78.36

The number of shares of each class of equity shares of the Company beneficially owned, directly or indirectly, by all directors and senior officers of the Company as a group as at May 31, 1967 was as follows:

<u>Class of Shares</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
Second preference shares (1).....	310,950	86.86
Common shares .....	378,652 (2)(3)	85.21

Notes: (1) To be redeemed August 31, 1967.

(2) Adjusted to reflect subdivision of common shares on a four-for-one basis on June 20, 1967.

(3) After giving effect to the sale of 40,000 common shares as described on page 7: (a) Livingston Holdings Limited will own 308,248 common shares or 69.36% of such class, and (b) directors and senior officers of the Company will own, directly or indirectly, 338,652 common shares or 76.20% of such class.

(4) Livingston Holdings Limited is controlled by G. V. Livingston.

### **Other Material Facts**

In the agreements dated June 28, 1967 with Dominion Securities referred to under the heading "Plan of Distribution" on page 7:

- (a) each of the Company and Livingston Holdings Limited has agreed that it will not, without the consent of Dominion Securities, sell or offer for sale any of the securities of the Company before October 12, 1967;
- (b) Livingston Holdings Limited has agreed that for a period of 10 years from June 28, 1967, otherwise than by sale to the public, it will not sell all or any substantial part of its common shares of the Company or at any time any number of such common shares which would result in a loss of effective control of the Company unless it causes an offer to be made concurrently on a pro rata basis to all of the other holders of common shares of the Company to purchase their shares at the same price and on the same terms and conditions; and
- (c) Livingston Holdings Limited has agreed that so long as it is in effective control of the Company but only for a maximum period of 15 years from June 28, 1967, it will cause at least one representative of Dominion Securities to be elected as a director of the Company.

### **Transfer Agent and Registrar**

Guaranty Trust Company of Canada at its principal offices in Toronto, Montreal, Winnipeg and Vancouver is the Transfer Agent and Registrar for the Preference Shares Series A and the common shares of the Company. The Common Share Purchase Warrants may be exercised, subdivided or combined at the principal offices of Guaranty Trust Company of Canada in Toronto, Montreal, Winnipeg and Vancouver.

### **Auditors**

The Company's auditors are Clarkson, Gordon & Co., 291 Dundas Street, London, Ontario.

### **Rescission Rights**

Where The Securities Act, 1966 (Ontario) applies, sections 63 and 64 of that Act provide substantially to the effect that a person or company (not being a registrant under that Act) who has purchased or agreed to purchase from Dominion Securities any of the securities offered by this prospectus has the right, while still the beneficial owner of such securities, to rescind such purchase or agreement to purchase:

- (a) if Dominion Securities receives written or telegraphic notice evidencing the intention of such purchaser not to be bound by such agreement of purchase and sale not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after receipt of this prospectus by such purchaser or his agent for such purchase (unless such agent is Dominion Securities), and
- (b) if this prospectus and any amended prospectus filed with the Ontario Securities Commission in compliance with Section 55 of that Act received by the purchaser or his agent (unless such agent is Dominion Securities) at the date of receipt, contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (unless (i) the untruth of such statement or the fact of such omission was unknown and, in the exercise of reasonable diligence, could not have been known, both to the Company and Dominion Securities, (ii) such statement or omission is disclosed in an amended prospectus duly filed with the Ontario Securities Commission and received by such purchaser, or (iii) such purchaser knew the untruth of the statement or of the omission at the time of such purchase); provided that no action to enforce such right may be commenced after the expiration of 90 days after such receipt or such agreement to purchase, whichever is the later.

# Livingston Industries Limited

and its Subsidiaries

## Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at April 30, 1967

The pro forma consolidated balance sheet gives effect to the following:

- (a) The issuance of supplementary letters patent (i) changing the name of the Company from Livingston Wood Manufacturing Limited to Livingston Industries Limited, (ii) decreasing the authorized capital by cancelling 8,700 authorized but unissued 6% cumulative, non-voting, first preference shares of the par value of \$10 each, (iii) increasing the authorized capital by creating 200,000 first preference shares of \$50 par value each and designating 30,000 thereof as 6% cumulative redeemable first preference shares Series A, (iv) subdividing the issued and unissued common shares on a four-for-one basis, and (v) increasing authorized common shares to 1,000,000 shares.
- (b) The issue and sale of 30,000 6% cumulative redeemable first preference shares Series A, accompanied by common share purchase warrants entitling the holders thereof to purchase an aggregate of 60,000 common shares, for \$1,500,000.
- (c) The payment of a commission of \$60,000 and expenses in connection with the issue estimated at \$50,000 (and the charging to retained earnings of such amounts together with \$18,400 premium on redemption of first and second preference shares).
- (d) The application of the net proceeds to (i) the redemption of the outstanding 29,640 6% cumulative, non-voting, first preference shares of \$10 par value each for \$311,220 and 358,000 6% cumulative, voting, second preference shares of \$0.20 par value each for \$75,180, (ii) the repayment of a note payable of \$275,000, and (iii) the reduction of bank indebtedness by an amount equal to the balance.
- (e) Receipt of \$225,098 owing to the Company by Livingston Holdings Limited and \$183,929 by Mrs. G. V. Livingston and the application thereof to the further reduction of bank indebtedness.

### ASSETS

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Current:		
Cash.....	\$ 3,225	\$ 3,225
Accounts receivable less allowance for doubtful accounts of \$20,900 .....	1,292,104	1,292,104
Inventories (Note 2).....	1,044,084	1,044,084
Due from Livingston Holdings Limited and Mrs. G. V. Livingston.....	409,027	—
Prepaid expenses and sundry assets.....	141,024	141,024
	<hr/> 2,889,464	<hr/> 2,480,437
Fixed assets (Note 3).....	4,775,874	4,775,874

Approved on behalf of the Board:

(signed) G. V. Livingston, Director

(signed) W. T. Barrett, Director

<hr/> \$7,665,338	<hr/> \$ 7,256,311
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*The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.*



# Livingston Industries Limited

and its Subsidiaries

## Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at April 30, 1967

LIABILITIES				
			Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Current:				
Due to bankers on demand (against which book debts and inventories have been pledged as security).....			\$ 1,305,451	\$ 167,824
Accounts payable and accrued charges.....			761,267	761,267
Income and other taxes payable.....			396,610	396,610
Long term debt instalments due within one year.....			335,300	335,300
			<hr/> 2,798,628	<hr/> 1,661,001
Accumulated tax reductions applicable to future years (Note 4).....			314,000	314,000
Long term debt (Note 5).....			1,921,192	1,646,192
Shareholders' equity:				
Capital (Note 6)				
Authorized—				
38,340 6% cumulative, non-voting, first preference shares of \$10 par value each redeemable at \$10.50				
358,000 6% cumulative, voting, second preference shares of \$0.20 par value each redeemable at \$0.21				
150,000 common shares of no par value each				
Issued and fully paid—				
29,640 first preference shares.....			296,400	—
358,000 second preference shares.....			71,600	—
111,100 common shares.....			157,150	—
Authorized—				
200,000 first preference shares of \$50 par value each issuable in series				
1,000,000 common shares of no par value each				
Issued and fully paid—				
30,000 6% preference shares Series A.....			—	1,500,000
444,400 common shares.....			—	157,150
Retained earnings.....			2,106,368	1,977,968
			<hr/> \$ 7,665,338	<hr/> \$ 7,256,311

*The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.*

**Livingston Industries Limited**  
and its Subsidiaries

**Statement of Consolidated Earnings for the Five Years Ended April 30, 1967**

	Years ended April 30				
	1967	1966	1965	1964	1963
Net sales.....	\$14,611,844	\$9,730,128	\$6,722,054	\$4,692,344	\$4,541,029
Consolidated earnings from operations before charges set out below.....	\$ 2,196,356	\$1,687,052	\$ 991,091	\$ 574,988	\$ 560,158
Depreciation and amortization.....	703,994	592,662	290,581	131,388	105,959
Taxes on income of subsidiary companies....	51,000	36,500	5,000	2,400	3,900
	754,994	629,162	295,581	133,788	109,859
Consolidated earnings before interest and taxes on income of Livingston Industries Limited	1,441,362	1,057,890	695,510	441,200	450,299
Interest of Livingston Industries Limited:					
Bank and other short term debt.....	66,165	116,296	30,808	(6,261)	4,424
Mortgage.....	155,769	—	—	—	—
Bond and other long term debt.....	6,263	11,373	9,508	11,293	16,777
	228,197	127,669	40,316	5,032	21,201
Consolidated earnings before taxes on income of Livingston Industries Limited.....	1,213,165	930,221	655,194	436,168	429,098
Taxes on income:					
Current (Note 8).....	490,000	346,000	234,000	188,000	195,000
Deferred (Note 4).....	104,000	112,000	88,000	10,000	—
	594,000	458,000	322,000	198,000	195,000
Consolidated net earnings.....	\$ 619,165	\$ 472,221	\$ 333,194	\$ 238,168	\$ 234,098

**Statement of Consolidated Retained Earnings for the Five Years Ended April 30, 1967**

Balance, beginning of year.....	\$ 1,509,283	\$1,059,142	\$ 748,028	\$ 531,490	\$ 319,997
Net earnings.....	619,165	472,221	333,194	238,168	234,098
	2,128,448	1,531,363	1,081,222	769,658	554,095
Dividends paid on preference shares.....	22,080	22,080	22,080	21,630	22,605
Balance, end of year.....	\$ 2,106,368	\$1,509,283	\$1,059,142	\$ 748,028	\$ 531,490

*The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.*

# Livingston Industries Limited

and its Subsidiaries

## Notes to Consolidated Financial Statements

1. The above statements consolidate the accounts of the Company and all its subsidiaries, namely Livingston Motors Limited and Lakeshore Transport Limited.

2. Inventories are carried at the lower of cost or market (net realizable value). The consolidated inventories at April 30, 1967 are made up as follows:

Raw materials.....	\$ 670,914
Work in process.....	300,377
Finished goods.....	72,793
	<u>\$1,044,084</u>

3. Fixed assets are carried at cost and as at April 30, 1967 are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Land.....	\$ 154,257	\$ —	\$ 154,257
Railway sidings, roadways and fences.....	389,509	67,618	321,891
Buildings.....	3,431,639	942,945	2,488,694
Machinery and equipment.....	2,119,801	1,196,136	923,665
Office furniture and fixtures.....	179,122	97,980	81,142
Automotive equipment.....	419,003	192,569	226,434
	<u>\$6,693,331</u>	<u>\$2,497,248</u>	<u>\$4,196,083</u>

Leasehold improvements at cost less accumulated amortization of \$31,734..... 579,791

\$4,775,874

4. Capital cost allowances claimable for income tax purposes exceed depreciation recorded in the accounts. The income tax reductions applicable to such extra allowances are not reflected in income but are credited to "Accumulated tax reductions applicable to future years" to be brought into income in subsequent years when total allowances available for tax purposes are less than the depreciation provisions recorded in the accounts.

5. Long Term Debt:

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
8% first mortgage repayable in monthly instalments of \$25,000 due April 23, 1973....	\$1,800,000	\$1,800,000
Less instalment payments due within one year included in current liabilities.....	300,000	300,000
	<u>1,500,000</u>	<u>1,500,000</u>
6½% first mortgage repayable in monthly instalments of \$556 including interest due January 16, 1976.....	50,431	50,431
Less principal instalment payments due within one year included in current liabilities	3,500	3,500
	<u>46,931</u>	<u>46,931</u>
7% note repayable in monthly instalments of \$2,050 plus interest due December 31, 1971	131,061	131,061
Less instalment payments due within one year included in current liabilities.....	31,800	31,800
	<u>99,261</u>	<u>99,261</u>
6% note due to Livingston Holdings Limited.....	275,000	—
	<u>\$1,921,192</u>	<u>\$1,646,192</u>



6. During the year, the Company issued 8,800 common shares for cash under employees' stock option plans as follows 3,360 shares at \$1.50 per share and 5,440 shares at \$2.25 per share. In addition to the capital issued at April 30, 1967, 6,400 common shares were reserved for issue under options held by employees to purchase common shares at \$4.375 per share expiring December 31, 1971. All numbers of common shares and prices in this note 6 have been adjusted to reflect the four-for-one stock split on June 20, 1967.
7. Under the terms of the agreement between the Company and a government agency, holder of the first mortgage, the Company has undertaken not to declare or pay any dividends on common shares, not to redeem, to purchase or otherwise retire or pay off any shares of the then present or future capital stock (limitation suspended June 12, 1967) or make any loans to, investments in or guarantees on behalf of others without the prior written consent of the agency provided, however, that the latter restriction does not apply with respect to transactions between the Company and its parent company, Livingston Holdings Limited, and wholly-owned subsidiary companies, Livingston Motors Limited and Lakeshore Transport Limited.
8. Taxes on income have been assessed and paid up to the close of the 1964 fiscal year in the case of the Company and all its subsidiaries; taxes on income provided in subsequent years are considered adequate to cover taxes not yet assessed.
9. The Company's contractual obligations as at April 30, 1967 with respect to long term leases of premises amounted to approximately \$3,800,000 extending to 1987, the annual rental being \$197,087.

### **Auditors' Report**

To the Directors of

#### **LIVINGSTON INDUSTRIES LIMITED**

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Livingston Industries Limited and its subsidiaries as at April 30, 1967 and the statements of consolidated earnings and consolidated retained earnings for the five years ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying consolidated balance sheet presents fairly the consolidated financial position of the companies as at April 30, 1967;
- (b) The accompanying pro forma consolidated balance sheet presents fairly the consolidated financial position of the companies as at April 30, 1967 after giving effect to the adjustments set out in the headnotes thereto;
- (c) The accompanying statements of consolidated earnings and consolidated retained earnings present fairly the consolidated results of operations of the companies for the five years ended April 30, 1967;

all in accordance with generally accepted accounting principles applied on a consistent basis.

June 28, 1967  
London, Canada

(signed) Clarkson, Gordon & Co.  
Chartered Accountants

## **Certificates**

Dated: June 28, 1967

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act of the Province of British Columbia, by Part IX of The Securities Act, 1955 (Alberta), by section 43 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Quebec Securities Act and by section 13 of the Security Frauds Prevention Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

## **Directors and Officers**

(signed) G. V. Livingston, President

(signed) W. T. Barrett, Vice-President - Finance

(signed) G. V. Livingston

(signed) William Anderson

(signed) W. T. Barrett

(signed) J. Eacott

(signed) A. H. Wade

(signed) J. V. Plant

(signed)\*G. L. Mitchell

(signed)\*H. E. Bulmer

\*By W. T. Barrett, Agent

(signed) C. A. C. Dobell

## **Underwriters**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act of the Province of British Columbia, by Part IX of The Securities Act, 1955 (Alberta), by section 43 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Quebec Securities Act and by section 13 of the Security Frauds Prevention Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

## **DOMINION SECURITIES CORPORATION LIMITED**

By: (signed) D. H. Ward

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Dominion Securities Corporation Limited: D. H. Ward, G. E. Phipps, S. E. Nixon, N. D. Young, J. G. K. Strathy, A. I. Matheson, J. R. Clarke, J. H. Davie, W. E. Parker, T. P. N. Jaffray.

## SCHEDULE

### *Provisions Attaching to the Preference Shares as a Class*

The 200,000 First Preference Shares with a par value of \$50 each (which, as a class, are herein called the "Preference Shares") will carry and be subject to, as a class, the following preferences, rights, conditions, restrictions, limitations and prohibitions:

#### *Directors' Right to Issue in One or More Series*

The directors of the Company may at any time or from time to time issue the Preference Shares in one or more series, having such rate or rates of preferential dividends with such dates of payment, being payable in such one or more currencies at such rate or rates of exchange, being redeemable at such time or times with or without payment of a premium or not being redeemable, having such sinking or other retirement fund or funds or having no sinking or other retirement fund, being subject to such purchase provisions by the Company or having no purchase provisions, having such designations, having such conversion rights or without conversion rights, and having such other preferred, deferred or other special rights, restrictions, conditions, limitations or prohibitions attaching thereto as shall be determined by resolution of the directors passed at or prior to the issue thereof, provided, however, that when any fixed cumulative dividends or amounts payable on a repayment of capital are not paid in full, the shares of all series shall participate ratably in respect of such dividends, including accumulations, if any, in accordance with the sums which would be payable on the said shares if all such dividends were declared and paid in full, and on any repayment of capital in accordance with the sums which would be payable on such repayment of capital if all sums so payable were paid in full, the whole subject to the following provisions and the issue of supplementary letters patent setting forth such designations, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the shares of each series.

#### *Dividend and Distribution Preference*

The Preference Shares shall be entitled to preference over the common shares and any other shares of the Company ranking junior to the Preference Shares with respect to the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

#### *Parity of Each Series as to Dividends and Distribution*

The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

#### *Voting Rights*

The holders of Preference Shares shall not be entitled (except as hereinafter specifically provided) to receive notice of or to attend any meetings of the shareholders of the Company or to vote at any such meetings (but shall be entitled to have mailed to them copies of the financial statements and the auditors' report thereon submitted to the annual meeting of shareholders) unless and until the Company shall fail to pay in the aggregate four quarterly dividends on the Preference Shares of any one series on the dates on which the same should



be paid according to the terms thereof and until four quarterly dividends on the Preference Shares of the said series shall remain unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter so long as any dividends on any Preference Shares remain in arrears the holders of the Preference Shares of all series shall be entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall be entitled to one vote in respect of each Preference Share held and in addition shall be entitled, voting separately and exclusively as a class, to elect two members of the board of directors of the Company, and all such rights shall continue until all arrears of dividends on all Preference Shares shall have been paid, whereupon such rights shall cease unless and until default shall again be made by the Company in payment of dividends on the Preference Shares of any one series for an aggregate of four quarterly dividends on the dates on which the same should be paid according to the terms thereof and until four quarterly dividends on the Preference Shares of the said series shall remain unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends, whereupon the holders of Preference Shares shall again be entitled to receive notice of and to attend all meetings of the shareholders of the Company and to vote as aforesaid and in addition be entitled, voting separately and exclusively as a class, to elect two members of the board of directors of the Company until all arrears of dividends on all Preference Shares shall have been paid, and so on from time to time. Notwithstanding the foregoing provisions of this clause, the holders of Preference Shares shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof.

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual general meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than ten days written notice and which shall be called by the secretary of the Company upon the written request of the holders of record of at least 10% of the outstanding Preference Shares. In default of the calling of such general meeting by the secretary within five days after the making of such request, such meeting may be called by any holder of record of Preference Shares.

Any vacancy or vacancies occurring among members of the board elected to represent the holders of Preference Shares in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director elected to represent the holders of Preference Shares but if there be no such remaining director the board may elect or appoint sufficient holders of Preference Shares to fill the vacancy or vacancies. Whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least 10% of the outstanding Preference Shares shall have the right to require the secretary of the Company to call a meeting of the holders of Preference Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting.

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the voting rights of the holders of the Preference Shares, the term of office of the directors elected or appointed to represent the holders of Preference Shares shall forthwith terminate and (ii) the holding of one Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preference Shares.

### *Amendment with Approval of Holders of Preference Shares*

The preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares as a class shall not be deleted or varied without, but may be deleted or varied with, the approval of the holders of Preference Shares given as hereinafter specified.

### *Approval of Holders of Preference Shares*

Any authorization, consent or approval given by holders of Preference Shares (including any authorization required by sub-section (4) of section 33 of The Corporations Act) shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Preference Shares duly called for that purpose and held upon not less than 15 days notice at which the holders of at least a majority of the outstanding Preference Shares are present or are represented by proxy and carried by the affirmative vote of not less than  $66\frac{2}{3}\%$  of the votes cast at such meeting, in addition to any other authorization, consent or approval required by The Corporations Act. If at such meeting the holders of a majority of the outstanding Preference Shares are not present or represented by proxy within one half hour after the time appointed for such meeting then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman, and not less than 10 days notice shall be given of such adjourned meeting, but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preference Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than  $66\frac{2}{3}\%$  of the votes cast at such meeting shall constitute the authorization, consent or approval of the holders of the Preference Shares. On every poll taken at every such meeting every holder of Preference Shares shall be entitled to one vote in respect of each Preference Share held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders.

### *Provisions Attaching to Preference Shares Series A*

The first series of Preference Shares will consist of 30,000 shares designated “6% Cumulative Redeemable First Preference Shares Series A” (herein called the “Preference Shares Series A”) and will carry and be subject to the following preferences, rights, conditions, restrictions, limitations and prohibitions:

#### *1.00 Dividends*

1.01 The holders of the Preference Shares Series A shall be entitled to receive and the Company shall pay thereon, when and as declared by the board of directors, out of moneys properly applicable to the payment of dividends, fixed, cumulative preferential dividends at the rate of 6% per annum and no more on the par value thereof, accruing in the case of each such share from the date of issue thereof and payable quarterly on the 15th day of October, 1967 and thereafter on the 15th day of each January, April, July and October adjusted to avoid payments of any fraction of a cent, except that the first quarterly payment so to be made on any share shall be the amount accrued thereon at the said rate on a day to day basis from the date of issue of such share to the date of such quarterly payment. Payment shall be made by cheque at par in lawful money of Canada at any branch in Canada of the Company's bankers.

#### *2.00 Redemption and Purchase Rights*

2.01 Subject to the provisions of clause 8.01, upon giving notice as hereinafter provided, the Company may redeem at any time all the outstanding Preference Shares Series A or from time to time any part thereof either pro rata disregarding fractions or by lot in such manner as the directors deem equitable (which may

include selection among multiple share units constituted as the directors from time to time determine) on payment for each such share to be redeemed of 106% of the par value thereof if redeemed on or before July 15, 1970; 105% of the par value thereof if redeemed thereafter and on or before July 15, 1973; 104% of the par value thereof if redeemed thereafter and on or before July 15, 1976; 103% of the par value thereof if redeemed thereafter and on or before July 15, 1979; 102% of the par value thereof if redeemed thereafter and on or before July 15, 1982; and 101% of the par value thereof if redeemed thereafter; in each case together with accrued and unpaid dividends thereon to the date fixed for such redemption, the whole constituting the redemption price.

2.02 In the case of any redemption of Preference Shares Series A under the provisions of clause 2.01, the Company shall give at least 30 days prior notice in writing to each person who at the date of giving such notice is the registered holder of Preference Shares Series A to be redeemed of the intention of the Company to redeem such shares. Such notice shall be given by posting the same in a postage paid letter addressed to each such holder of Preference Shares Series A to be redeemed at the last address of such holder as it appears on the books of the Company or, in the event of the address of any holder not so appearing, then to the address of such holder last known to the Company, provided that the accidental failure or omission to give any such notice as aforesaid to one or more of such holders shall not affect the validity of the redemption of the Preference Shares Series A to be redeemed. Such notice shall set out the redemption price and the date on which the redemption is to take place and, unless all the Preference Shares Series A held by the holder to whom it is addressed are to be redeemed, shall also set out the number of such shares so held which are to be redeemed. On and after the date so specified for redemption the Company shall pay or cause to be paid to the holders of such Preference Shares Series A to be redeemed the redemption price on presentation and surrender at the head office of the Company, or at any other place or places within Canada designated by such notice, the certificate or certificates for such Preference Shares Series A so called for redemption. Such payment shall be made by cheque payable at par at any branch in Canada of the Company's bankers. Such Preference Shares Series A in respect of which the redemption price has been paid as aforesaid shall thereupon be redeemed. If a part only of such Preference Shares Series A represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company. From and after the date specified for redemption in any such notice, the Preference Shares Series A called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be duly made by the Company upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of such holders shall remain unaffected. At any time after notice of redemption is given as aforesaid, the Company shall have the right to deposit the redemption price of any or all Preference Shares Series A called for redemption with any chartered bank or banks or with any trust company or trust companies in Canada named for such purpose in the notice of redemption to the credit of a special account or accounts in trust for the respective holders of such shares, to be paid to them respectively without interest upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Preference Shares Series A in respect whereof such deposit shall have been made shall be and be deemed to be redeemed and the rights of the holders thereof shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against surrender of the said certificates held by them respectively. Any interest allowed on any such deposit shall belong to the Company.

2.03 Subject to the provisions of clause 8.01, the Company may, in addition to its right to redeem Preference Shares Series A as provided above, at any time or times, purchase (if obtainable) for cancellation all or any part of the Preference Shares Series A outstanding from time to time in the open market (including purchase



through or from an investment dealer or any firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Preference Shares Series A outstanding, at the lowest price or prices at which in the opinion of the directors such shares are obtainable but not exceeding the redemption price at which, at date of purchase, such shares are redeemable as provided in clause 2.01 plus costs of purchase. In the event that, upon any invitation for tenders made by the Company as herein provided, the Company shall receive two or more tenders of Preference Shares Series A at the same price and which shares, when added to any shares already tendered at a lower price or prices, aggregate more than the number for which the Company is prepared to accept tenders, then if any Preference Shares Series A so tendered at the same price are purchased by the Company they shall be purchased from such holders tendering at the same price as nearly as may be pro rata, disregarding fractions.

2.04 Preference Shares Series A which are purchased, redeemed or deemed to be redeemed in accordance with any of the provisions hereof shall be and be deemed to be cancelled and shall not be reissued.

### *3.00 Purchase Fund*

3.01 So long as any of the Preference Shares Series A are outstanding the Company shall on January 2 in each year commencing in the year 1969 enter on its books to the credit of a purchase fund an amount to be used for the purchase of Preference Shares Series A which shall be 3% of the aggregate par value of all Preference Shares Series A theretofore issued; provided that the Company shall only be required on any such January 2 to set aside in such special account the lesser of an amount equal to 3% of the aggregate par value of all Preference Shares Series A theretofore issued and the amount, if any, that will result in the amount to the credit of such special account equalling 6% of such aggregate par value.

3.02 Subject to the provisions of clause 8.01 any agreements between the Company and the holders of its Funded Obligations and subject to all applicable laws, the amount to the credit of such special account shall be applied by the Company with reasonable despatch to the purchase of Preference Shares Series A if available in the open market at a price (exclusive of costs of purchase) below the par value of such shares. An amount equal to the aggregate par value of Preference Shares Series A previously redeemed or purchased for cancellation otherwise than out of the purchase fund may be applied by the Company, to the extent not previously so applied, in satisfaction of the obligations of the Company to set aside funds for the purchase fund.

### *4.00 Liquidation*

4.01 The holders of Preference Shares Series A shall be entitled on the liquidation, dissolution or winding up of the Company or on the distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, to payment of the amount paid up thereon, together with an amount equal to all accrued and unpaid dividends to the date of such distribution in the case of any liquidation, dissolution, winding up or other distribution which is involuntary, and to payment of an amount equal to the redemption price hereinbefore provided for current at the date of such distribution in the case of any such liquidation, dissolution, winding up or other distribution which is voluntary, in all cases before any distribution of assets shall be made to the holders of any of the common shares or other shares of the Company ranking junior to the Preference Shares Series A.

4.02 After payment to the holders of the Preference Shares Series A as aforesaid, such holders shall not have the right to any further participation in any distribution of the assets of the Company.

### *5.00 Pre-emptive Rights*

5.01 No holder of Preference Shares Series A shall be entitled as of right to subscribe for or purchase or receive any shares, bonds, debentures or other securities of the Company now or hereafter authorized.

### *6.00 Approval of Amendments*

6.01 The preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Preference Shares Series A shall not be deleted or varied without, but may be deleted or varied with, the consent or approval of the holders of the Preference Shares Series A.

### *7.00 Approval of Holders of Preference Shares Series A*

7.01 Any authorization, consent or approval given by holders of Preference Shares (including any authorization required by sub-section (4) of section 33 of The Corporations Act) shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a meeting of holders of Preference Shares Series A duly called for that purpose and held upon not less than 15 days notice at which the holders of at least a majority of the outstanding Preference Shares Series A are present or are represented by proxy and carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at such meeting, in addition to any other authorization, consent or approval required by The Corporations Act. If at such meeting the holders of a majority of the outstanding Preference Shares Series A are not present or represented by proxy within one half hour after the time appointed for such meeting then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman and not less than ten days notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preference Shares Series A present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at such meeting shall constitute the authorization, consent or approval of the holders of Preference Shares Series A. On every poll taken at every such meeting every holder of Preference Shares Series A shall be entitled to one vote in respect of each Preference Share Series A held. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders.

### *8.00 Restrictions While Preference Shares Series A Outstanding*

8.01 So long as any of the Preference Shares Series A are outstanding:

- (a) the Company shall not permit any Designated Subsidiary to issue any shares or issue, incur, assume or guarantee any Funded Obligations, except to or of the Company or to or of another Designated Subsidiary or to a trustee in support of a guarantee of indebtedness of the Company or of another Designated Subsidiary;
- (b) the Company shall not sell or otherwise dispose of, except to a Designated Subsidiary, or permit any Designated Subsidiary to sell or otherwise dispose of except to the Company or another Designated Subsidiary, any Funded Obligations or shares of a Designated Subsidiary held by or for the Company or any Designated Subsidiary; provided that notwithstanding the foregoing the Company may:
  - (i) sell or otherwise dispose of any Funded Obligations or shares of any Designated Subsidiary if all the Funded Obligations and shares of such Designated Subsidiary owned by the Company and/or by other Designated Subsidiaries are sold or otherwise disposed of so that neither the Company nor any Designated Subsidiary will own any thereof; or
  - (ii) permit any Designated Subsidiary to sell or otherwise dispose of Funded Obligations or shares of another Designated Subsidiary if all Funded Obligations and shares of such last mentioned Designated Subsidiary owned by the Company and/or by other Designated Subsidiaries are sold or otherwise disposed of so that neither the Company nor any Designated Subsidiary will own any thereof;

and the Company after such permitted sale or other disposal (except to the Company or to any Designated Subsidiary) shall submit particulars of the transaction to the Company's auditors with reasonable despatch and, if within 15 days of such submission, such auditors advise the Company that, in their opinion, such sale or other disposal would otherwise be prejudicial to the holders of the Preference Shares Series A, the Company will forthwith use or cause to be used an amount equivalent to the aggregate net disposal price of such sale or disposal to redeem or otherwise retire Funded Obligations, Purchase Money Obligations or Preference Shares (other than Funded Obligations, Purchase Money Obligations or Preference Shares held by or for the Company or any Designated Subsidiary);

- (c) excepting, for all purposes of this sub-clause (c), sales or other disposals by a Designated Subsidiary to the Company or to another Designated Subsidiary, if in any fiscal period of the Company any Designated Subsidiary sells or otherwise disposes of any of its fixed assets and such sale or disposal results in the aggregate net disposal price of all such sales and disposals by all Designated Subsidiaries in such fiscal period exceeding \$100,000, the Company will with reasonable despatch submit to the Company's auditors particulars of all such sales and disposals by all Designated Subsidiaries in such fiscal period and, if within 15 days of such submission, such auditors advise the Company that, in their opinion, the sale or disposal would otherwise be prejudicial to the holders of the Preference Shares Series A, the Company will forthwith use or cause to be used an amount equivalent to such excess to redeem or otherwise retire Funded Obligations, Purchase Money Obligations or Preference Shares (other than Funded Obligations, Purchase Money Obligations or Preference shares held by or for the Company or any Designated Subsidiary) and upon each subsequent sale or disposal of fixed assets in such fiscal period by a Designated Subsidiary the Company will submit particulars thereof to such auditors with reasonable despatch and, if such auditors within a like period of 15 days similarly advise the Company with respect to such subsequent sale or disposal, the Company will forthwith use or cause to be used an amount equivalent to the net disposal price thereof to redeem or otherwise retire Funded Obligations, Purchase Money Obligations or Preference Shares (other than Funded Obligations, Purchase Money Obligations or Preference Shares held by or for the Company or any Designated Subsidiaries);
- (d) the Company shall not voluntarily wind up its affairs, surrender its charter, sell, lease or otherwise dispose of its assets and undertaking as an entirety or substantially as an entirety or take other steps with a view to the discontinuance of its undertaking unless contemporaneously therewith the Company shall make adequate provision for the immediate retirement of all the outstanding Preference Shares Series A;
- (e) the Company shall not make any payment or distribution to its shareholders or any of them by way of dividend in cash or in specie or by way of purchase, redemption or reduction of capital at any time when any dividends on the Preference Shares Series A are in arrears and unless at the date of authorization by the directors of such payment or distribution, if such payment or distribution is made within 60 days thereafter, or at the date such payment or distribution is made if it is made without prior authorization by the directors or more than 60 days after the date of such authorization, Consolidated Equity will be an amount in excess of \$2,000,000 after giving effect to such payment or distribution; provided that the prohibition of this sub-clause (e) shall not apply to:
  - (i) the declaration or payment of cumulative dividends on the Preference Shares,
  - (ii) the declaration, payment or distribution of stock dividends, or
  - (iii) any payment or distribution by the Company by way of purchase, redemption or reduction of capital if made out of the proceeds of an issue of shares by the Company ranking junior to the



Preference Shares Series A and made concurrently with or prior to such purchase, redemption or reduction;

- (f) the Company shall not create or issue any shares ranking in priority to the Preference Shares Series A; and
- (g) the Company shall not issue any shares ranking on a parity with the Preference Shares Series A unless Consolidated Net Earnings for any 12 consecutive calendar months selected by the Company of the 23 calendar months next preceding the date of issue of such additional shares shall have been at least three times maximum annual dividend requirements of all Preference Shares Series A and other shares of the Company, if any, ranking in priority thereto or on a parity therewith (and any preference shares of a Designated Subsidiary not held by the Company or by another Designated Subsidiary) which will be outstanding after the issue of the shares proposed to be issued to rank on a parity with the Preference Shares Series A, provided that any of such shares which have been duly called for redemption and for the redemption whereof adequate provision has been made assuring they will be redeemed within 45 days after the issue of such shares ranking on a parity with the Preference Shares Series A shall not be considered to be outstanding for the purposes of this sub-clause (g).

8.02 Nothing in clause 8.01 shall apply to, hinder or prevent any of the actions referred to in such clause if the same shall have been authorized by the holders of the Preference Shares Series A in the manner hereinbefore specified or if all the Preference Shares Series A have been duly called for redemption and adequate provision has been made assuring that they will be redeemed on or before the date specified for redemption.

#### *9.00 Voting Rights*

9.01 The voting rights carried by the Preference Shares Series A are as conferred upon the Preference Shares as a class, of which the Preference Shares Series A form a part.

#### *10.00 Definitions*

In these provisions relating to the Preference Shares Series A, the following terms shall have the following respective meanings:

10.01 “Designated Subsidiary” means any company designated as a Designated Subsidiary by resolution of the directors of the Company if, at the time of such designation:

- (a) the Company owns such number of shares of such class or classes of the shares of such company as entitles it: (i) to receive, on any distribution of the assets of such company among its shareholders for the purpose of winding up its affairs, more than 50% of the amount to be distributed, if any; and (ii) to cast more than 50% of the votes at any general meeting of shareholders of such company excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events; or
- (b) the Company and/or one or more other Designated Subsidiaries owns or own such number of shares of such class or classes of the shares of such company as entitles it or them: (i) to receive, on any distribution of the assets of such company among its shareholders for the purpose of winding up its affairs, more than 90% of the amount to be distributed, if any; and (ii) to cast more than 90% of the votes at any general meeting of shareholders of such company excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular

event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events;

provided that any Designated Subsidiary shall cease to be a Designated Subsidiary:

- (c) upon a sale or other disposal of all of its shares, resulting in neither the Company nor any other Designated Subsidiary owning any thereof, as permitted by sub-clause (b) of clause 8.01 hereof; and
- (d) on the date specified in a resolution of the directors of the Company electing that any Designated Subsidiary shall cease to be a Designated Subsidiary on such date, provided that on such date:
  - (i) no dividends on the Preference Shares Series A are in arrears;
  - (ii) after giving effect to such election, there would be no Designated Subsidiary ceasing to be such by virtue of such election which owns any shares or Funded Obligations of any other Designated Subsidiary; and
  - (iii) Consolidated Net Earnings for any 12 consecutive calendar months selected by the Company of the 23 calendar months next preceding such date shall have been at least five times maximum annual dividend requirements of all Preference Shares Series A and other shares of the Company outstanding, if any, ranking in priority thereto or on a parity therewith, provided that any of such shares which have been duly called for redemption and for the redemption whereof adequate provision has been made assuring they will be redeemed within 45 days after the effective date of such election shall not be considered to be outstanding for the purposes of this paragraph (iii).

10.02 “Funded Obligations” means any indebtedness, whether secured or unsecured, incurred by the Company and/or any one or more Designated Subsidiaries by way of creation, issue, guarantee, assumption or otherwise which is not payable on demand and the due date of payment of which, including any right of extension or renewal, is 18 months or more after the date on which incurred, but does not include Purchase Money Obligations.

10.03 “Purchase Money Obligations” means any indebtedness, secured or unsecured, incurred by the Company and/or any one or more Designated Subsidiaries by way of creation, issue, guarantee, assumption or otherwise to provide at the time of acquisition the whole or any part of the consideration for the acquisition of physical property by the Company or by any Designated Subsidiary (before or after becoming a Designated Subsidiary) and any renewal, refunding or extension of any such indebtedness not in excess of the outstanding principal amount of the indebtedness being renewed, refunded or extended.

10.04 “Consolidated Net Earnings” for any specified period of 12 months means (after eliminating all inter-company items among the Company and its Designated Subsidiaries) the aggregate excess, during such period of 12 months, of

- (a) the gross operating revenues, dividends received in cash from other companies, and interest, revenues and other income derived from all sources (exclusive of profits on the disposal of fixed assets and investments and similar non-recurring items in excess of \$15,000 in the aggregate in such period), over
- (b) all operating, selling and administration expenses of every character (exclusive of losses on the disposal of fixed assets and investments and similar non-recurring items in excess of \$15,000 in the aggregate in such period, and exclusive of amortization of debt premium, discount and expense, and any charges made against earnings for the purpose of amortizing the book value of intangible assets), including but without limiting the generality of the foregoing, insurance premiums, interest, rentals, fees, provisions for normal depreciation, depletion and allowance for doubtful accounts, contributions to

employees' profit sharing and retirement or other pension funds and provision for taxes (including income and profits taxes making any appropriate reduction in respect of capital cost allowances claimed in excess of recorded depreciation);

of the Company and of those companies which will be Designated Subsidiaries immediately after: (i) the issue of the shares ranking on a parity with the Preference Shares Series A, or (ii) the effective date of an election that any Designated Subsidiary shall cease to be a Designated Subsidiary, in respect of which the computation is being made, all as determined on a consolidated basis in accordance with sound accounting practice and reported upon by the Company's auditors without, in their opinion, material adverse qualification; provided that:

- (c) the income of a Designated Subsidiary shall only be included if,
  - (i) it became a Designated Subsidiary (or would have qualified as a Designated Subsidiary if it had been designated as such by a resolution of the directors of the Company) prior to the commencement of such period of 12 months, or
  - (ii) it became a Designated Subsidiary during or after such period of 12 months (and would not have qualified as a Designated Subsidiary if it had been designated as such by a resolution of the directors of the Company prior to the commencement of such period) and has carried on substantially the same business throughout such period and thereafter until the date of the action requiring determination of Consolidated Net Earnings; and
- (d) if the Company and/or one or more of its Designated Subsidiaries shall have acquired, within or after such period of 12 months but prior to or concurrently with the date of the action requiring determination of Consolidated Net Earnings,
  - (i) real property or an interest therein, together with related plant and/or equipment, which, as a whole, were used or operated within such period of 12 months in a business similar to that which they are or are to be used by the Company and/or such Designated Subsidiary or Designated Subsidiaries and are so used or operated from acquisition until the date of the action requiring determination of Consolidated Net Earnings, or
  - (ii) any business as a going concern, including all or substantially all of the physical assets used in such business, and the same or substantially the same business has thereafter been carried on by the Company and/or such Designated Subsidiary or Designated Subsidiaries until the date of the action requiring determination of Consolidated Net Earnings,

then the income from such real property or interest therein, together with related plant and equipment, or of such business, as the case may be, for the whole of such period of 12 months may be included as if such properties had been owned by the Company and/or such Designated Subsidiary and/or Designated Subsidiaries during the whole of such period or as if such business had been acquired prior to the commencement of such period, as the case may be.

10.05 "Consolidated Equity" means the aggregate of the paid up capital of all shares ranking junior to the Preference Shares Series A, contributed surplus and earned surplus (including reserves constituting in the opinion of the Company's auditors a voluntary segregation of surplus and including any deferred credit in respect of, or any provision for, deferred taxes on income but excluding any surplus resulting from an appraisal or other valuation of assets in excess of the cost thereof less normal depreciation to the time of such appraisal or other valuation if (i) in the case of the Company and of those companies which at the time of the issuance of the Preference Shares Series A are Designated Subsidiaries such appraisal or other valuation



was made after July 12, 1967 and (ii) in the case of any other Designated Subsidiary such appraisal or other valuation was made after the earliest time at which such Designated Subsidiary would have qualified as and been a Designated Subsidiary if it had, at such time, been designated as such by resolution of the directors of the Company) of the Company and its Designated Subsidiaries, determined on a consolidated basis in accordance with sound accounting practice.

10.06 The words “in priority to”, “on a parity with” and “junior to” or words of like implication have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company whether voluntary or involuntary.

10.07 The words “accrued and unpaid dividends” mean an amount computed at the rate of dividends attaching to the Preference Shares Series A as though dividends on such shares had been accruing on a day to day basis from, in the case of each such share, the date of issue thereof to the date to which the computation of accrued dividends is to be made, after deducting all dividend payments made on such shares.

#### *11.00 Certain Computations*

11.01 Any determination of Consolidated Net Earnings having been made and reported upon by the Company’s auditors in accordance with the provisions of clause 10.04 shall be conclusive and binding for all purposes of the provisions relating to the Preference Shares Series A.

11.02 For the purpose of determining Consolidated Equity for the purpose of clause 10.05, the Treasurer, Comptroller or other senior financial officer of the Company shall compute the same from the books or other financial records of the Company and its Designated Subsidiaries and shall make a report to the directors of the Company of the amount thereof, which amount shall be computed as at a date not more than 90 days prior to the date of the action requiring determination thereof and shall be adjusted to give effect to the proposed action and shall take into account any substantial changes therein from the date as at which such computation is made to the date of such action. Any such computation may determine Consolidated Equity to be not less than a stated amount without determining the exact amount thereof. Any such computation having been so made, Consolidated Equity as at the date of the action requiring determination thereof shall be conclusively deemed to be not less than the stated amount thereof in the latest computation thereof so made prior to such date and such computation shall be conclusive and binding for all purposes of the provisions relating to the Preference Shares Series A.









New and Outstanding Issue

# Livingston Industries Limited

**\$1,500,000**

**6 % Cumulative Redeemable First  
Preference Shares Series A**

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**40,000 Common Shares**

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***Prospectus***

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9. **TRANSFER AGENT AND REGISTRAR**

Guaranty Trust Company of Canada at its principal offices in Toronto, Montreal, Winnipeg and Vancouver is the transfer agent and registrar of the Company in respect of its common shares without par value and its 6% Cumulative Redeemable First Preference Shares Series A.

10. **TRANSFER FEE**

No fee is charged on share transfers other than the customary government share transfer taxes.

11. **AUDITORS**

The auditors of the Company are Clarkson, Gordon & Co., 291 Dundas Street, London, Ontario.

12. **OFFICERS AND DIRECTORS**

The full name and address and occupation during the past five years of each officer and director of the Company are as follows:

NAME AND ADDRESS	OFFICE	PRINCIPAL OCCUPATION
Gerald Vincent Livingston 183 Rolph Street, Tillsonburg, Ontario	Chairman of the Board, President, General Manager and Director	Chief executive officer, Livingston Industries Limited
William Thomas Barrett 21 Victoria Street, Tillsonburg, Ontario	Vice-President— Finance and Director	Vice-President— Finance, Livingston Industries Limited
Arthur Harry Wade 6 Hawthorne Crescent, Tillsonburg, Ontario	Vice-President— Manufacturing and Director	Vice-President— Manufacturing, Livingston Industries Limited
William Sanderson Coulthard 6 Parkside Drive, Tillsonburg, Ontario	Secretary	Secretary, Livingston Industries Limited
George Leslie Mitchell, Q.C. 1 Grosvenor Street, London, Ontario	Director	Partner, Mitchell, Hockin & Dawson, Solicitors
William Anderson 2 Fourth Street, Tillsonburg, Ontario	Director	Sales Manager, Livingston Industries Limited
John Francis Eacott 43 Denton Avenue, Tillsonburg, Ontario	Director	Purchasing Agent, Livingston Industries Limited
James Vincent Plant 351 Broadway, Tillsonburg, Ontario	Director	Department Manager, Livingston Industries Limited
Harris Elliott Bulmer 1264 Royal York Road N., Toronto 18, Ontario	Director	Manager, Persista Division, Livingston Industries Limited
Colin Arthur Charles Dobell 19 St. Leonards Avenue, Toronto 12, Ontario	Director	Investment Dealer, Dominion Securities Corporation Limited

Harris Elliott Bulmer was independently engaged in developing a business in the processing of urethane from 1962 until he became Manager, Persista Division of the Company in 1964, which position he has held since that date. All the other directors and senior officers of the Company have held their present business affiliations for more than five years preceding the date of this prospectus.

13. **CERTIFICATE**

Pursuant to a resolution duly passed by its Board of Directors, the applicant Company hereby applies for listing the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



LIVINGSTON INDUSTRIES LIMITED

By: "W. T. BARRETT",  
Vice-President—Finance

By: "W. S. COULTHARD",  
Secretary

14. **CERTIFICATE OF UNDERWRITER**

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

DOMINION SECURITIES CORPORATION LIMITED

By: "N. D. YOUNG".



# DISTRIBUTION OF COMMON STOCK AS OF AUGUST 29, 1967

Number							Shares
459	Holders of	1	—	99	share lots	.....	14,971
61	" "	100	—	199	" "	.....	6,730
38	" "	200	—	299	" "	.....	7,920
4	" "	300	—	399	" "	.....	1,464
7	" "	400	—	499	" "	.....	2,800
15	" "	500	—	999	" "	.....	10,296
23	" "	1000	—	up	" "	.....	400,219
<u>607 Shareholders</u>							<u>Total shares 444,400</u>

## DISTRIBUTION OF 6% PREFERENCE SERIES "A" STOCK AS OF AUGUST 27, 1967

Number							Shares
212	Holders of	1	—	24	share lots	.....	2,641
202	" "	25	—	99	" "	.....	8,676
28	" "	100	—	199	" "	.....	4,225
NIL	" "	200	—	299	" "	.....	NIL
4	" "	300	—	399	" "	.....	1,200
1	" "	400	—	499	" "	.....	480
2	" "	500	—	999	" "	.....	1,350
6	" "	1000	—	up	" "	.....	11,428
<u>455 Shareholders</u>							<u>Total shares 30,000</u>